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ABSTRACT

This study of the financing of special education programs for children with disabilities or giftedness/talent was mandated by the legislature of Nevada to: (1) examine the amount of federal, state, and local money expended for special education programs and the proportion of total funding for special education programs provided from each source; (2) determine the actual costs of providing special education programs; (3) analyze the feasibility of funding special education programs on the basis of class size or by pupil-teacher ratios; and (4) review methods used in other states to fund special education programs. The report's sections cover: history of special education laws, number and placement of students with disabilities; federal, state, and local funding for special education; actual special education program costs; alternative funding mechanisms for special education; and programs for gifted/talented students. Findings are presented in both text and 29 tables. Key findings include, among others: special education is generally twice as expensive as the average cost per pupil for regular education; disabled students make up 7.95 percent of Nevada's school population; 44 percent of special education students are educated in resource rooms, while 34 percent are served within their regular classrooms; and 4.6 percent of all students were enrolled in programs for gifted/talented students in fiscal year 1992-93, up from 3.6 percent in 1990-91. (Contains 29 references.) (JDD)

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Study of Funding for Special Education Programs

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Legislative Counsel Bureau

Bulletin No. 93-25

December 1992

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STUDY OF FUNDING FOR SPECIAL EDUCATION PROGRAMS

BULLETIN NO. 93-25

DECEMBER 1992

STUDY OF FUNDING FOR SPECIAL EDUCATION PROGRAMS

Report to the 67th Session
of the Nevada Legislature

by Jeanne Botts, Program Analyst
Fiscal Analysis Division
Legislative Counsel Bureau

December 1992

Senate Concurrent Resolution No. 68—Committee on Finance

FILE NUMBER..191.

SENATE CONCURRENT RESOLUTION—Directing the Fiscal Analysis Division of the Legislative Counsel Bureau to conduct an interim study of funding special education programs for handicapped children including gifted and talented children.

WHEREAS, The members of the Nevada Legislature recognize the importance of providing an adequate and appropriate educational program for each handicapped child in the state; and

WHEREAS, NRS 388.440 defines a handicapped minor to be any person under the age of 18 years who deviates either educationally, physically, socially or emotionally so markedly from normal patterns, or demonstrates such outstanding academic skills or talents, that he cannot progress effectively in a regular school program and therefore needs special instruction or special services; and

WHEREAS, The educational programs for handicapped minors are often more expensive than regular educational programs; and

WHEREAS, The Nevada Legislature recognizes the additional burden of the costs of such programs upon the resources of the local school districts and the state; now, therefore, be it

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That the staff of the Fiscal Analysis Division of the Legislative Counsel Bureau is hereby directed to conduct an interim staff study of the financing of special education programs for handicapped children including gifted and talented children; and be it further

RESOLVED, That the study should include, but not be limited to:

1. An examination of the amount of federal, state and local money expended for special education programs and the proportion of total funding for special education programs that is provided from each source;

2. A determination of the actual costs of providing special education programs for Nevada's handicapped minors;

3. An analysis of the feasibility of funding special education programs on the basis of class size or by pupil-teacher ratios; and

4. A review of methods used in other states to fund special education programs;

and be it further

RESOLVED, That the staff of the Fiscal Analysis Division report its findings to the 67th session of the Nevada Legislature.

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SUMMARY OF KEY FINDINGS

A. Special education is generally twice as expensive as the average cost per pupil for regular education programs; however, complete information on the cost of special education in Nevada is not available because school districts do not account for all special education expenses separately from general education expenses.

B. Nevada's unit method of funding special education has been questioned from time to time but has been retained as the preferred method for supporting special education programs largely because of its accountability. Unless a special education program contains a properly licensed professional providing instruction to an assigned caseload or class, it does not qualify as a special education unit in Nevada. The unit must also have operated the full school days of at least nine of the school months within a school year.

C. In each session since 1973, when special education units were first used to fund special education in Nevada, the number of units and the amount per unit have increased, but the increase in funding has generally fallen short of what was needed to cover the average salary and fringe benefits of a special education teacher. The average salary of a special education teacher in fiscal year 1992-93 is $33,896, and the amount per special education unit is $26,208.

D. Fiscal support of public elementary and secondary education is a shared responsibility. In almost all states, public education is supported by a combination of federal, state and local revenues. Responsibility for funding special education is also shared between federal, state and local government. Of the estimated $17.4 billion expended nationwide during 1986-87 on education of the handicapped, state governments provided 56 percent of the resources, local government paid 36.5 percent and the federal government funded 7.5 percent (Verstegen & Cox, 1992).

E. When P.L. 94-142 was enacted in 1975, a timetable was established whereby the amount the federal government provided per pupil would gradually increase until it was sufficient to cover 40 percent of the average per pupil expenditure. Although the law authorized increases each year to reach the 40-percent mark, Congress has never appropriated more than 8 or 10 percent of the average per pupil expenditure. The goal of P.L. 94-142 was to provide 40 percent of the average cost of educating a pupil in this nation, not 40 percent of the cost of educating a *handicapped* child. Consequently, federal aid for

special education has never amounted to a substantial part of the total cost of special education.

F. Federal requirements dictate that a count of all handicapped children enrolled in public schools be taken on December 1 of each year, but a count of each state's total enrollment is not also requested. Instead, estimates of enrollment from the National Center of Education Statistics (NCES) and of school-age population from the U.S. Bureau of the Census are used by the federal government to calculate the prevalence of handicapping conditions across the nation for various age groups of children and youth. Nevada state law requires total enrollment to be counted at the end of September on the last day of the first school month, but no count of handicapped youngsters is required to be taken at that time. For these reasons, it is difficult to express an exact percentage of handicapped students to the state's total enrollment, and the percentage reported by the federal government for Nevada is used instead.

G. Nationwide, the handicapped make up 9.82 percent of total enrollment, while Nevada's percentage is 7.95 (U.S. Dept. of Education, 1991, p. A-50). The reason Nevada's special education enrollment is consistently lower than the nationwide average has never been adequately explained.

H. There are tremendous differences between Nevada's 17 school districts in the percentage of enrollment served in special education programs. The percentage ranges from 8.5 in Clark to 16.9 in Esmeralda, while the statewide average is 9.4 percent.

I. Nevada is more apt to educate its handicapped pupils in the regular classroom or a resource room at school than in separate schools or separate classes. The majority (44.5 percent) of Nevada's special education students are educated in resources rooms, while 34 percent are served within their regular classrooms. Nationwide, 37.3 percent of handicapped children are in resource rooms and 31.3 percent are in regular classrooms.

J. Nevada's funding for special education program units is a guarantee, not a flat grant to a school district. Under Nevada's school funding formula, a total basic support guarantee, which includes support for regular education programs and special education units, is developed for each school district. Local revenues are subtracted from the total basic support guarantee to determine the amount of state aid a school district will receive.

K. An increase in the dollar amount per unit or the number of units or both will not increase total funding available to Nevada schools unless other changes are made in the formula. By increasing the amount per unit and/or the number of units, a larger share of the same pot of money is earmarked for special education and the amount available for nonhandicapped students is reduced. This is because the budget is based on total estimated expenditures, which includes special education costs. The school districts have presumably included all anticipated costs, so if more is designated for special education, it follows that less is needed for regular education.

L. While many school officials express a desire for more money for special education, others want additional funding to provide other services and programs that have taken a back seat to pressing federal mandates for special education. Some district administrators expressed concern that a sudden release of funds currently spent on special education might be difficult to shelter from salary negotiations with employee groups.

M. Within Nevada in school year 1991-92, the pupil-teacher ratio for special education would be 14.4 to one if the number of handicapped students (19,957) is divided by the total number of regular units (1,389) but only 13.5 if divided by the total number of state, federally and locally funded units (1,476.63). The type and severity of handicap causes great variations in this ratio in any individual teacher's class or caseload. Actual caseloads and class sizes are controlled by state regulations and, until recently, were seldom exceeded, according to state monitoring reports.

N. Unlike class sizes in regular education programs, the Department of Education already had regulations in place limiting the caseloads or class sizes of special education teachers (See Table 16). These maximum limits functioned in much the same way as required pupil-teacher ratios for regular education programs. The Department of Education verified that school districts, until recently, seldom exceeded caseload and class size limits for special education and the Department still finds the limits for each handicapping condition appropriate. Except for the gifted and talented, which have a 20:1 pupil-teacher ratio, the ratios set by regulation for handicapped students (NAC 388.150) are well below the 15:1 pupil-teacher ratio for primary grades established by the Class-size Reduction Act. The Department points out that, rather than an assigned class size, the majority of special education teachers have an assigned caseload of mainstreamed pupils, which greatly increases the number of pupils for which the special education teacher is responsible.

O. To increase funding on the basis of a reduced pupil-teacher ratio without lowering the maximum caseload and class sizes stipulated in special education regulations, would result in more funding but less accountability for how the special education funds are spent. Unless units are fully funded, school districts are not likely to dramatically reduce the pupil-teacher ratio in special education below levels established by regulation.

P. A special education program does not qualify for unit funding in Nevada unless it contains a properly licensed professional providing instruction to an assigned caseload or class. If this strict accounting for the use of state-guaranteed units were eased, more "units" might be created to cover services provided by psychologists, nurses, occupational therapists and physical therapists. Such positions are currently not eligible for state special education unit funding and are often supported by federal funds.

Q. Since the total number of units is established by the Legislature for the coming biennium, the number of units is not responsive to growth if actual growth differs from estimates. If fewer special education students are enrolled than the Legislature estimated, extra units are available for reallocation by the State Board; however, there is no relief available if the number of handicapped students exceeds the estimates upon which the total number of units for the biennium were based. Instead of basing each school district's share of units on an incremental increase over the prior year's units, the State Board of Education might be provided a larger number of discretionary units to allocate to districts with the greatest needs.

R. The majority of states distribute special education funding through categorical aid. Most of the rest of the states, including Nevada, disburse state aid for education of the handicapped through the same equalization formula used to distribute funds for general education programs.

S. The most frequently used formula for distributing special education funding is a "pupil weighting" system, which is used by 17 states. Fourteen states use percentage or excess cost formulas, and 11, including Nevada, use a flat grant per teacher or classroom unit (O'Reilly, 1989).

T. The formula selected by a state to distribute funding for special education has a significant impact on a state's special education program. Special education funding formulas have the ability to influence the number and type of children served, the types of programs provided, the amount of time spent by students in special education programs, the placements made and caseloads and class

sizes (O'Reilly, 1989). However, the formula for providing special education funding itself does not necessarily determine the amount of money to be provided, but it is the level of funding that drives program and policy decisions (Verstegen & Cox, 1992).

U. To try to contain costs of special education, to move away from "labeling" handicapped students and to improve integration of the handicapped into regular classrooms, Vermont began distributing special education block grants based on each district's total enrollment rather than the number of special education students. Vermont is currently reporting a reduction in the number of students identified as handicapped (Viadero, 1990 and 1993).

V. The Nevada Department of Education's Research Bulletin reports 4.6 percent of all students are enrolled in programs for the gifted and talented in fiscal year 1992-93, which is up from 3.6 percent in 1990-91. The number of units used for the gifted and talented has been slowly dropping each year as school districts shift unit funding away from optional programs for the gifted and talented to provide mandated services for the handicapped. Districts provided 8 gifted and talented units with local revenues in 1991-92 and 77 from state funds.

REPORT TO THE MEMBERS OF THE 67TH SESSION OF THE NEVADA LEGISLATURE BY THE FISCAL DIVISION OF THE LEGISLATIVE COUNSEL BUREAU

I. INTRODUCTION AND OVERVIEW OF STUDY

This report is being submitted in compliance with Senate Concurrent Resolution 68 of the 66th session of the Nevada Legislature (File No. 191, *Statutes of Nevada, 1991*) which directed the Fiscal Division of the Legislative Counsel Bureau to conduct an interim study of funding for special education programs for handicapped students, including gifted and talented children. The study was conducted by Jeanne L. Botts, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

II. HISTORY OF SPECIAL EDUCATION LAWS

A. Federal Laws

Prior to World War II, there were few laws dealing with special benefits for the disabled, and those that did exist were intended to help war veterans with service-related disabilities. Schools were allowed to exclude children and often did, especially children with disabilities.

> Since the 1960's, however, there has been a virtual avalanche of federal legislation that relates directly or indirectly to individuals with disabilities, particularly children and youth. The numerous court decisions rendered, and state and federal laws passed since the 1960s, now protect the rights of those with disabilities and guarantee that they receive a free and appropriate, publicly-supported education (National Information Center for Children and Youth with Disabilities [NICHCY], 1991, p. 1).

Direct federal funding for handicapped children is rooted in the Elementary and Secondary Act of 1965 (ESEA), P.L. 89-10, which aimed to strengthen and improve educational quality and opportunity in elementary and secondary schools. A few months after its passage, P.L. 89-10 was amended by P.L. 89-313, which authorized grants to states to educate handicapped children in state-supported schools and institutions; these funds are still available to states under Chapter 1 of ESEA, now P.L. 100-297. P.L. 89-750 of 1966, in a section of the law known as Title IV, created the first federal grant program for handicapped children in local schools rather than in special state schools or institutions. The Bureau of Education for the Handicapped

was also established by this law to help states implement and monitor programs, conduct research, evaluate programs and train teachers and parents (NICHCY, 1991).

In 1968, P.L. 90-247 established discretionary programs to expand and improve special education services by providing funding for regional resource centers, centers and services for the deaf and blind, instructional media programs, research, and a center to assist in the recruitment and training of special education personnel. P.L. 91-230 of 1970 "...consolidated into one act a number of previously separate federal grant programs related to the education of children with disabilities, including Title IV of ESEA under P.L. 89-750" (NICHCY, 1991, p. 3). This new act, known as Part B, was the precursor to a 1975 act that significantly expanded educational rights of handicapped children.

In 1975, Congress passed the Education for All Handicapped Children Act (EAHCA), P.L. 94-142, to facilitate the education of all handicapped children in the United States. This act was passed as a result of constitutionally based challenges to the exclusion of handicapped children from public schools. P.L. 94-142, along with Section 504 of the Rehabilitation Act of 1973 and other laws, provided "a framework for a highly specific set of legal requirements for the provision of special education" (Rothstein, 1990, p. xxiii).

P.L. 94-142 guaranteed a free and appropriate education, including special education and related services, to every handicapped child, tailored to each child's needs. Once a child is identified as handicapped, an individualized educational program (IEP) must be developed with the involvement of parents and several educators. The IEP requires an assessment of the specific needs and abilities of that particular child, and includes the educational placement to be made, specific goals and a plan to evaluate whether goals are being met. Education is to be provided in the least restrictive environment, in what is commonly referred to as "mainstreaming."

> One of the early fears of educators was that the EAHCA mainstreaming mandate meant that all handicapped children, regardless of the severity of handicap, were to be "dumped" into the regular classroom without support. While there are certainly instances of inappropriate placements of severely handicapped children into the regular classroom, the EAHCA requires that the child be placed in the least restrictive *appropriate* setting. While the goal is to move the child to less restrictive settings, for some children full time in the regular classroom may never be an appropriate placement....Segregated placements are inherently stigmatizing. In addition, for many children, interaction with with nonhandicapped peers is an essential component of role modeling

> and appropriate social development. It is important to emphasize that the EAHCA does *not* require placement in the *best* placement, only the least restrictive appropriate placement. While some states may choose to make the *best* placement a part of special education, it is not required under federal law (Rothstein, 1990, p. 33).

A full continuum of alternative placements was to be made available, including regular classes, special classes, special schools, home instruction and instruction in hospitals and institutions (34 CFR Section 300.551).

P.L. 94-142 also guaranteed procedural due process to handicapped children and their parents in decision-making about providing special education and related services.

> The specific procedural protections include a right to notice of a proposed decision about a child entitled to special education, as well as notice of all the procedural and substantive protections available. If a special education placement is being proposed, it is to be developed at a meeting that includes the parents. The individualized educational program (IEP) can then be challenged at a hearing. The hearing must be impartial, the parents are entitled to be represented at the hearing, and there is a right to both a record of the hearing and to written findings of fact and decisions. There is also a right to review with the state educational agency and an ultimate right to seek review in the courts (Rothstein, 1990, p. 34).

P.L. 94-142 also required that each child's educational needs and related services be provided at no cost to the parents, regardless of their ability to pay.

Related services are defined by P.L. 94-142 as transportation and other supportive services required for a child to benefit from special education, including early identification and assessment of handicapped children. Related services include speech pathology, audiology, psychological services, physical and occupational therapy, recreation, counseling and medical services, except medical services are limited to only those necessary for diagnostic and evaluative purposes (Rothstein, 1990).

P.L. 94-142 also provided financial assistance to state and local school districts for special education programs; however, it was never intended that these funds cover the entire cost of special education. Federal funding for special education, provided

through P.L. 94-142 and other laws, is discussed in more detail later in this report under Item A-1 of Section IV on page 36.

Subsequent amendments to P.L. 94-142 included P.L. 99-457, the Education of the Handicapped Act Amendments of 1986, which authorized programs of early intervention for handicapped infants and toddlers and mandated special education services be provided by public schools to handicapped three and four-year-olds, and P.L. 99-372, the Handicapped Children's Protection Act of 1986, which provided for reasonable reimbursement of attorneys' fees to parents who prevailed in administrative proceedings under P.L. 94-142 (Anderson, Chitwood & Hayden, 1990).

P.L. 99-457 requires an individualized family service plan (IFSP), similar to an IEP, for handicapped infants and toddlers. The IFSP must be reviewed at least every six months and evaluated annually. IFSPs contain a statement of the infant or toddler's present levels of development, a statement of the family's strengths and needs, outcomes expected, services necessary and services needed to support the child's transition into school.

In 1990, passage of P.L. 101-476, the Individuals with Disabilities Education Act (IDEA), renamed EAHCA (P.L. 94-142) and its various amendments. From that point, the law began to be known by its new name, IDEA. Also, all references to "handicapped children" were changed to "children with disabilities." P.L. 101-476 requires IEPs for disabled students aged 16 or older to contain transition plans to ease the student's transition into a job and community life. Transition plans must address the following activities: postsecondary, vocational or continuing education; employment; independent or group living; community participation and adult services required.

Another federal law which figures heavily into the administration of special education is the Family Educational Rights and Privacy Act (FERPA) of 1974, commonly referred to as the Buckley Amendment. School districts must permit parents and students over the age of 18 to have access to their school records, and the law offers protection against unauthorized disclosure of such records. FERPA also makes provisions for making changes and corrections to records (Rothstein, 1990).

States were not required to follow the EAHCA requirements unless they wished to receive federal funding for special education. States would, however, be required to comply with many of the substantive and procedural requirements of EAHCA which were based on Supreme Court decisions. As a result, all states have elected to develop annual program plans and are eligible for federal funding for special education (Rothstein, 1990).

States that provided special education before P.L. 94-142 was passed found it necessary to revise their existing statutes to comply with the federal law's requirements. States that did not have special education programs in place were forced to develop such programs. Many states adopted provisions that expanded upon federal requirements. As long as these laws did not conflict with the federal requirements and met federal minimums, they were permissible (Rothstein, 1990).

B. Nevada Laws

Education of the handicapped did not begin in Nevada with passage of P.L. 94-142. In 1869, Nevada passed it first law providing for the education of handicapped children. The law (Chapter LVI, *Statutes of Nevada, 1869*) authorized the Superintendent of Public Instruction to arrange for the education of "deaf, dumb, and blind" pupils at an institution in San Francisco, California. All deaf, dumb and blind persons between the ages of eight and 21 years "who were not mentally or physically incapacitated to receive an education, that are free from offensive or contagious diseases, and whose parents or guardians reside in the State of Nevada, and are not able to pay for their support and education" in the above-mentioned institution were entitled to benefits. The Board of County Commissioners was responsible for transporting the child to the office of the Superintendent of Public Instruction, and the state paid all expenses of sending the student to the facility. To carry out the purposes of the act, $3,000 was appropriated for 1869 and 1870.

The act was amended in 1905 (Chapter CXLVII, *Statutes of Nevada, 1905*) to allow placement in any California institution. Furthermore, the age limit of 8 to 21 years was removed, and deaf, dumb and blind persons over the age of 21, who met all other requirements, were eligible providing they had resided in Nevada for five years. In 1907, the law was again amended (Chapter CLXXV, *Statutes of Nevada, 1907*) to include Utah institutions. Placement in any institution for the deaf, dumb and blind in any state in the United States was permitted by amendments made in 1943 (Chapter 33, *Statutes of Nevada, 1943*).

The earliest known legislative study of handicapped children was completed thirty years ago. In 1951, the Senate adopted Senate Resolution 15 which directed the Legislative Counsel Bureau to study the need for a program for handicapped children in Nevada, "with the view of providing better facilities for the education and care of such children" (DeWhitt, 1952, Preface to report). During 1952, Dorothy DeWhitt, a speech therapist in Reno School District No. 10, conducted the study, which described programs for handicapped children in various western states and discussed in detail what was being done in Nevada.

> At the present time, the only state program in the field of education for handicapped children is the program for the education of the deaf, dumb, and blind administered by the State Department of Education. This program is educating only fourteen children in out-of-state institutions. Three school districts in Nevada are conducting home-bound programs whereby a limited amount of instruction is provided by teachers regularly visiting handicapped children confined to their own homes. The Variety Club in Las Vegas has constructed and is operating a school for handicapped children (DeWhitt, 1952, Preface to report).

The State Department of Health operated the Crippled Children's Services Program, and the Nevada State Hospital provided care to a limited number of children. Private organizations and religious groups provided the rest of the services available. DeWhitt concluded, "Nevada is doing less than any of the other western states in providing for the education of physically and mentally handicapped children" (DeWhitt, 1952, p. 32).

To get a better idea of the number of handicapped children in Nevada and their handicapping conditions, DeWhitt surveyed doctors, school administrators and teachers across the state and developed a list of 1,726 handicapped youngsters who were living in Nevada in 1951, which amounted to 3.3 percent of the 1950 census totals of all Nevadans aged 21 years or less. Only 4.6 percent of school-age children were reported as handicapped. DeWhitt conjectured that only one third of Nevada's handicapped children had been reported. A California study done in 1951 found 13.5 percent of its school age population to be handicapped. By applying California's percentage to Nevada's school-age population, DeWhitt estimated 4,944 handicapped children might be found in Nevada's schools. The Research and Statistical Division of the National Society for Crippled Children claimed 30.12 percent of all persons from birth through age 21 were handicapped and, using that percentage of incidence, estimated there were 16,140 handicapped minors under the age of 21 in Nevada at the time.

A handicapped pupil was only placed by the Superintendent of Public Instruction in an out-of-state institution at state expense if the pupil's parent, relative, guardian or "nearest friend" was unable to pay for the child's support and education in the facility. In such cases, a pupil's home county, not his school district, was required to pay transportation costs to a place designated by the State Superintendent, while the state paid the costs of additional transportation to the facility and for maintaining the pupil in the facility. According to DeWhitt, spending for pupils placed in out-of-state

facilities increased from $4,917 in fiscal year 1949-50 to $19,114 in fiscal year 1950-51, which was a 289 percent increase.

DeWhitt concluded that approximately 40 percent of the handicapping conditions reported in the survey could be satisfactorily handled in the regular classroom, slightly more than 2 percent would make the child non-educable and 57 percent would require special instruction. Almost 27 percent of all handicapped pupils would require special facilities, such as classrooms, building entrances or materials.

DeWhitt also recommended in-service training for teachers and the need for special certification for teachers of the handicapped.

The following are DeWhitt's recommendations for revisions to the Nevada School Code to provide for the education of handicapped children:

> It is recommended that a special chapter be added to the school code defining a handicapped child for educational purposes, empowering school boards to determine their districts' need and to establish programs, determining school or class entrance age limits, providing transportation in certain situations, empowering the state superintendent of public instruction and the state board of education to prescribe minimum standards for district programs, authorizing the state superintendent of public instruction to withhold excess cost apportionments from districts failing to meet minimum standards, and defining the hours of daily instruction and computation of average daily attendance (DeWhitt, 1952, p. 52).

DeWhitt's report was presented to the 1953 legislative session, and the Legislature responded by passing Assembly Bill 74, sponsored by Assemblywoman Maude Frazier. Assembly Bill 74 (Chapter 348, *Statutes of Nevada, 1953*) authorized school boards and county high schools to make special provisions necessary for the education of physically and mentally handicapped minors. A physically or mentally handicapped minor was defined as:

> ...a physically or mentally defective or handicapped person under the age of twenty-one years who is in need of education. Any minor who, by reason of physical or mental impairment, cannot receive the full benefit of ordinary education facilities, shall be considered a physically or mentally handicapped individual for the purposes of this act. Minors with vision, hearing, speech, orthopedic, mental, and neurological disorders or defects, or with rheumatic or congenital heart disease or

any disabling condition caused by accident, injury, or disease shall be considered as being physically or mentally handicapped (Section 108.01).

Assembly Bill 74 authorized the State Department of Education to prescribe minimum standards for education of the handicapped and authorized the State Superintendent to withhold apportionments of state funds to any program that did not meet the state standards. Although school districts were not required to provide educational programs for the handicapped, any school district furnishing such a program was required to educate any handicapped minor residing in the county. School boards were permitted to purchase sites, build special facilities, rent facilities or accept gifts or donations of sites or buildings for the handicapped. Transportation for handicapped students was also permitted under Assembly Bill 74.

Before any child was placed in a program for the mentally retarded, Assembly Bill 74 required that the child's parents be consulted and that a psychologist examine the child to determine if the child might profit from education. The act also permitted handicapped minors to be admitted to special schools and classes at the age of three and to be counted for apportionment purposes as if they were already six years of age. In addition to the regular apportionment for each pupil, the act provided $100, within the school funding formula, for each physically or mentally handicapped pupil.

A tremendous increase in the population of Nevada's public schools presented a financing problem in 1953 that prompted Governor Charles H. Russell to appoint the Governor's School Survey Committee to investigate school conditions and prepare recommendations for legislative action. At a special session of the Legislature in 1954, $30,000 was appropriated, through passage of Assembly Bill 5 (Chapter 2, *Statutes of Nevada, 1954*), for the Governor's School Survey Committee to conduct their investigation. The committee engaged the services of a team from the Division of Surveys and Field Services of the George Peabody College for Teachers, Nashville, Tennessee, to conduct a comprehensive study of Nevada's public school system. The final report of that survey, commonly referred to as the Peabody report (1954), recommended the consolidation of Nevada's numerous school districts and developed a school funding formula which was adopted by the 1955 Legislature, amended by a special session in 1956 and used until 1967.

The Peabody report included a survey of programs available for handicapped children. Two school systems were providing instruction to homebound children, one speech therapist had been hired and an elementary school in Reno offered a specialized program to six children handicapped by cerebral palsy. Several other districts were experimenting with classes for slow learners. According to the Peabody

report, "Teachers and administrators throughout the State generally concede that one of the weakest links in the educational program in Nevada at the present time is the lack of provisions for children who differ markedly from what may be considered normal" (Peabody, p. 178). Not surprisingly, the Peabody report recommended services for exceptional children be expanded throughout the state.

Two separate recommendations of the Peabody report dealt with pupils who differed markedly from what was considered normal:

> 40. In general, a child who is exceptional should be kept with a regular class for the greater portion of the school day unless he is so definitely handicapped that regular school attendance is out of the question.
>
> 41. More flexible programs need to be developed for gifted children so that during part of the school day they will be able to pursue their interests at their levels of understanding (Peabody, 1954, p. 192).

The Peabody report recommended handicapped pupils be admitted to special ungraded classrooms only after testing by psychologists and warned that these classes should not become "dumping grounds" for behavior problems. At the other end of the academic scale, programs for gifted children were also recommended to be limited to a small portion of the day because "most of the school day should be spent with other children of about the same age" (Peabody, 1954, p. 180).

The Governor's School Survey Committee (1954) adopted most of the recommendations contained in the Peabody report, including the two concerning exceptional children, and presented its findings, conclusions and recommendations to the Governor in 1954.

In 1955, the Legislature adopted a new funding formula, commonly called the Peabody formula, based on the Governor's School Survey Committee's work and the Peabody report. In addition to the mandatory 70-cent property tax rate for schools, Senate Bill 236 (Chapter 443, *Statutes of Nevada, 1955*) authorized each Board of County Commissioners to levy an additional tax for the support of public schools not to exceed 80 cents, exclusive of taxes levied for debt service. Also, the minimum yearly requirement for each handicapped pupil was raised from $100 to $200 by this bill.

During the 1959 Session, the Assembly adopted Assembly Resolution 18 which directed the Legislative Counsel Bureau to study methods of educating and training

mentally retarded children. The resulting study (*Mentally Retarded Children*, 1960) included a survey of teachers, physicians, and health and welfare professionals to determine the number of mentally retarded persons in Nevada.

The survey identified 1,357 mentally retarded children of pre-school and school age. Twenty-three percent of the mentally retarded students were not enrolled in school. Of 1,057 mentally retarded children enrolled in school, 725 (69 percent) were in regular classrooms; however, repeated retention in the same grade was a common method of handling the retarded. For example, the survey identified a sixteen-year-old in third grade and an eighteen-year-old in fourth grade.

As might be expected, Clark and Washoe County School Districts had the most complete facilities for special education. Four county school districts had pilot programs, but eleven counties had no special education programs at the time of the study.

School districts expressed a need for ancillary personnel, such as psychologists, social workers, counselors and vocational guidance workers, to work with handicapped pupils. The study also recommended a division of special education be established in the State Department of Education to coordinate programs for the handicapped and provide consulting services.

The 1960 study also looked at financial support for special education and recommended programs for handicapped children be made mandatory in each school district:

> The Nevada Legislature has been generous in the past, and as these problems have been presented to them, the legislature has appropriated additional funds to carry out the programs. Because of the availability of funds, it is difficult to understand why only two counties have set up complete facilities for special education programs, and only a few other counties have one or two classes which contain heterogeneous groups of handicapped children. In a few counties, population alone explains the lack of special facilities. In other counties, however, there appear to be three factors: (1) the normal and conservative reluctance to inaugurate a new program, such as special education, which has many implications for administrative concern; (2) the distaste of some parents who are sensitive when it is recommended that their children be placed in special classes; and (3) the fact that classroom facilities are considered to be more expensive for a handicapped child than for the typical child. A classroom for normal children will accommodate 25 or 30 children,

> while a classroom for the handicapped child is generally limited to from 8 to 18 children. In spite of the money made available by the Legislature for special education classes, it appears that one obstacle is lack of money to provide adequate classroom space for the program (*Mentally Retarded Children*, 1960, p. 55).

In 1960, each school district was entitled to "minimum yearly requirements" of $4,000 per certified employee, $80 per pupil, $40 per kindergarten pupil, one-half of the cost of transportation during the previous year and $500 per handicapped pupil. The formula for apportionment of state financial aid took into consideration the availability of locally generated revenue, which consisted of the proceeds of property tax at a mandatory rate of 70 cents per $100 of assessed valuation and 40 percent of the previous year's receipts of federal funds paid to school districts pursuant to P.L. 81-874 for federally-owned, tax-exempt property within the school district. State aid was computed on a yearly basis and equaled the difference between the minimum yearly requirements and local revenue, except no school district received less than half of the minimum yearly requirements.

This formula was established by Assembly Bill 1 (Chapter 32, *Statutes of Nevada, 1956*) which was adopted during a special session in 1956 and was a result of the 1954 Peabody report, *Public Education in Nevada*, and corresponding legislation passed during the 1955 legislative session. The minimum yearly requirement for handicapped pupils was increased from $200 to $500 in 1959 with passage of Assembly Bill 284 (Chapter 236, *Statutes of Nevada, 1959*). Apportionments were made quarterly, and a final adjustment was made in August based upon the actual average daily attendance of the six highest months.

The 1960 survey reported that some parents of handicapped children felt money for handicapped education had not been used appropriately. No information on the actual cost of handicapped programs had been gathered, but a study of program costs in each district was reportedly under way at the time of the 1960 survey. Since the apportionment formula then in use did not earmark such funds, funds allocated for the handicapped lost their identity in each school district's general fund. The study concluded the apportionment method of funding handicapped education offered no incentive for school districts to improve programs. Instead, the study recommended using an "excess cost reimbursement" formula to encourage improved and expanded programs of handicapped education.

There were also incidents in which funds for handicapped programs were used on remedial education programs. "There are examples of counties receiving increased apportionments (for the handicapped) who do <u>not</u> have a program for the

handicapped" (*Mentally Retarded Children*, 1960, p. 56). Needless to say, the method used to apportion funds for the handicapped did not provide for nor require an accounting for how the funds were spent.

In the 1963 Session, Assembly Concurrent Resolution 25 (File No. 98, *Statutes of Nevada, 1963*) was adopted which directed the Legislative Commission to study the present law concerning state support for public schools (the Peabody formula) to determine whether any inequities existed and to report to the 1965 Session with any recommendations for specific corrective legislation. Subsequently, the Legislative Commission created a subcommittee, chaired by Senator Carl Dodge. The subcommittee found "that inequities in the law existed but that corrective legislation would not marshal support until such time as additional funds were made available" (Legislative Commission, 1967, p. iii). The subcommittee reported to the 1965 Session on its need to continue work, and Senate Concurrent Resolution 8 (File No. 53, *Statutes of Nevada, 1965*) was approved by the 1965 Session directing the Legislative Commission to continue the study of the Peabody formula and report to the 1967 Session.

By the time the study was completed, most of the school districts were at the $1.50 maximum tax rate allowable under the Peabody formula, yet school costs were rising each year. The eagerly awaited study, *State Financial Support for Public Schools* (Legislative Commission, 1967), proposed replacing the Peabody formula with a new formula for calculating state aid to schools, named the "Nevada Plan." Senate Bill 15 (Chapter 22, *Statutes of Nevada, 1967*) incorporated most of the study's recommendations, including the enactment of the Local School Support Tax, a one-cent sales tax, which was considered to be a local revenue for purposes of calculating state aid. The new formula increased the basic level of support per pupil in each district, increased the amount of local funding available in each district and decreased the amount of state participation in the financial support of public education (Governor's State School Advisory Committee, 1972).

The new formula counted physically and mentally handicapped pupils the same as other pupils for apportionment purposes. No additional funding was provided for handicapped education.

In an apparent attempt to encourage school districts to identify and serve handicapped students, the 1969 Legislature instituted a method for reducing basic support for school districts with handicapped enrollments of less than 2.5 percent of total enrollment. Senate Bill 546 (Chapter 614, *Statutes of Nevada, 1969*), the school funding bill of the 1969 session, required a reduction in basic support in any year in which the average daily attendance of handicapped pupils receiving special education

was less than 2.5 percent of a school district's total average daily attendance. The difference between 2.5 percent of total average daily attendance and actual average daily attendance of handicapped pupils was multiplied by $600 and the product was deducted from the school district's basic support.

For example, if a school district had a total average daily attendance of 1,000 pupils and its basic support guarantee per pupil was $553 in fiscal year 1969-70, basic support for the school district in that year would amount to $553,000. If the average daily attendance of handicapped pupils was less than 2.5 percent, which would be 25 handicapped pupils, a deduction would be made from the $553,000 amount of basic support. For instance, if the district had an average daily attendance of only 13 handicapped pupils, the difference between the actual average daily attendance of handicapped pupils and 2.5 percent of total average daily attendance would be multiplied by $600. In this case, 13 handicapped pupils are subtracted from 25 (2.5 percent of total pupils) and the difference of 12 is multiplied by $600 to determine the deduction from basic support, which is $7,200. This hypothetical school district would, therefore, receive only $545,800 in basic support.

Assembly Bill 808 (Chapter 488, *Statutes of Nevada, 1971*) of the 1971 Session decreased the multiplier from $600 to $400.

This cumbersome method was replaced by the 1973 Legislature with separate funding for special education. Senate Bill 648 (Chapter 720, *Statutes of Nevada, 1973*) provided the first special education funding based on units. The bill, which was the school funding bill of that session, provided 414 special education units at $14,500 per unit for a total of $6,003,000 for special education in fiscal year 1973-74 and 434 units at $14,500 each for a total of $6,293,000 in fiscal year 1974-75. Allocations of units were based upon one unit for every eight regular classroom teachers, except each county received at least one special education unit.

Provisions were made for any unused units to be transferred to other districts, with first priority given to programs with statewide implications. The Washoe County School District had requested additional units to provide services for handicapped children located at the State Mental Hospital in Sparks. Dr. Marvin Picollo, Superintendent of Washoe County School District, testified that Washoe County was currently operating 82 units, even though state funding was only sufficient to cover the costs of 72 units. Under the new law, Washoe County would receive 92 units, but there were more children on the school district's waiting list than 10 new units would accommodate. In addition, a lawsuit involving handicapped children at the State Mental Hospital might have required the use of four or five of the district's new

units, but those children came from all over Nevada. (Senate Finance minutes, April 20, 1973, p. 10).

The lawsuit to which Dr. Picollo referred, *Brandt v. Nevada*, Civ. No. R-2779 (D. Nev., Filed Dec. 22, 1973), was a class-action suit filed by the parents of 11 handicapped youngsters and on behalf of all other handicapped children excluded from public school. Under existing state law, school districts were not required to provide for the education of physically handicapped or mentally retarded minors in excess of 2.5 percent of total enrollment of a school district or if the number of students was small, the distance to another public school providing the necessary services was great, or a qualified teacher was not available. The plaintiffs estimated there were about 14,000 handicapped children residing in Nevada at the time, but only 2,507 were attending public schools. The suit claimed Nevada's laws deprived the plaintiffs and other children in the class they represented of equal protection of the law in violation of the Fourteenth Amendment to the U.S. Constitution in that the children were excluded from public school without due notice or a full and fair hearing. [The case was dismissed as moot after the 1973 Legislature enacted Senate Bill 648 which repealed two of the statutes in question and substantially amended a third, removing the limits and exceptions from Nevada law.]

During the same Senate Finance Committee hearing, Superintendent of Clark County Schools, Dr. Kenny Guinn, also spoke in support of Senate Bill 648 but expressed concern about the level of special education funding:

> In Clark County we have 207 units and with this proposal we would go to 231.... Our share for 1973-74 would be $3,349,000, and we're now spending about $4,800,000. This won't mean we will have to cut down on special education programs, but we will now have support funding for it. We've been putting more money into this from other areas in the past because we feel the need is there (Senate Finance Committee minutes, April 20, 1973, p. 14).

Senate Bill 648 also changed the basis of computing the number of pupils for the purpose of calculating basic support from average daily attendance to total enrollment on the last day of the first month of the school year.

Governor Mike O'Callaghan requested that the 1971 Legislature approve an "exhaustive one-year evaluation of every aspect of Nevada primary and secondary education" (Governor's State School Advisory Committee, 1972, p. 9). Assembly Bill 260 (Chapter 234, *Statutes of Nevada, 1971*) appropriated $30,000 for the study. The resulting report, *Governor Mike O'Callaghan's State School Study* (1972),

recommended the number of special education pupils in Washoe and Clark Counties be multiplied by a factor of 1.5 and special education pupils in all other counties by a factor of 2 for purposes of calculating basic support. However, the report stated, "...in no case should the number of special education pupils be greater than five percent of the total enrollment" (Governor's State School Advisory Committee, 1972, p. 38-39).

The study also recommended minorities be multiplied by a factor of 1.1, and all actual transportation costs be included in the Nevada Plan formula.

Although the concept of weighting some students more heavily than others has been suggested many times, the Legislature has never adopted that method of providing funding for exceptional students. A later study, funded by a $75,000 appropriation to the State Department of Education for a study of the Nevada Plan pursuant to Assembly Bill 171 (Chapter 225, *Statutes of Nevada, 1981*), analyzed the unit funding method and reviewed a "weighted student" method for comparison. The Clark County School District submitted a plan reviewed by the Nevada Plan Study Committee that divided handicapped students into four categories and assigned different weights to each category, depending upon the relative expense of educating pupils in the category:

Category	Description	Weighting
Type I	Learning Disabled-Speech	1.05
Type II	Resource Center Pupils	2.00
Type III	Self-contained Pupils	2.40
Type IV	Severely Handicapped	2.60

(Nevada Department of Education, 1982, p. 17).

Instead of recommending the pupil weighting method, however, the Nevada Plan Study Committee recommended the unit funding approach be retained as the method for supporting special education programs for the following reasons:

(1) Establishing types or categories with low to high weights depending upon severity could cause unexpected significant increases in those categories with higher weights which could potentially result in increased funding over time.

(2) The State Department of Education could potentially be placed into a position of extensive evaluations and monitoring to

achieve integrity in counting of and categorizing pupils for the purpose of combating significant increases in funding support (Nevada Department of Education, 1982, p. 19).

The study committee's minutes outlines the advantages and disadvantages of using a weighted pupil method:

Advantages of using weighted pupil method:

1. Focuses on relative needs of all students.
2. Reduces fiscal disincentives to meet needs of high-cost students.
3. Each child's opportunity to receive special services becomes less a function of the wealth of the district, the ability of staff to compete for funds, and the strength of advocacy for special services.
4. Focuses on program costs and promotes efficiency in delivery.
5. Provides opportunities to de-centralize decision making process.

Disadvantages of Pupil Weighting Method:

1. There are no accurate costs available by category of students.
2. Reflection of current practices and not on efficiency of the present operation statewide.
3. Students could be misclassified.
4. Would lead to identifying more children as being in the higher cost categories to generate more state aid (Nevada Plan Study Committee minutes, March 15, 1982, p. 4-5).

Mr. Chuck Knight, Superintendent, Elko County School District, reminded the committee of the abuses that had occurred under the Peabody formula, when districts received additional funding for each child identified as handicapped regardless of whether special services were provided (Nevada Plan Study Committee minutes, March 15, 1982, p. 5).

The unit method of funding has been in existence for 20 years. The number of special education units has increased every year and is up 256 percent over the number of units in 1973. The dollar amount per unit has increased 81 percent and total funding provided for special education units increased 544 percent during that period (See Table 1).

Total enrollment has increased 49 percent since 1973, but the number of handicapped pupils has increased 122 percent over the same span in time (See Table 2).

For the first six years that funding for special education was provided through the allocation of special education units, provisions were made in the law to reallocate unused units to other school districts based upon need, giving first priority to programs with statewide implications. A school district could not, however, receive a number of reallocated units greater than the number of additional units it was scheduled to receive in the second year of the biennium.

In 1975, Senate Bill 617 (Chapter 682, *Statutes of Nevada, 1975*) added a second priority for allocation of unused units. If there were more unused units than necessary to cover programs of the first priority (those with statewide implications), additional units were to be given to those school districts with three or fewer units. The prohibition against receiving more reallocated units than the number of new units scheduled for the following year was removed. The bill also authorized prorated payments if the number of unused units was insufficient to meet all needs at each level of priority for funding.

No significant changes were made to the unit funding method in the 1977 session, but Assembly Bill 735 (Chapter 379, *Statutes of Nevada, 1977*) permitted school districts, with the approval of the Department of Education, to contract with any person, state agency or legal entity to provide a special education program unit for handicapped pupils.

Assembly Bill 849 (Chapter 653, *Statutes of Nevada, 1979*) reserved a number of special education program units to be allocated by the State Board of Education on the basis of need to school districts who found their allotted units insufficient to meet all their needs. The number of discretionary units reserved for the State Board of Education to allocate has increased over the last 14 years from 8 in fiscal year 1979-80 to to 30 in fiscal year 1992-93. In fiscal year 1990-91, 80 discretionary units were provided by Senate Bill 553 (Chapter 610, *Statutes of Nevada, 1989*), but 55 of those were designated to serve handicapped three and four-year-olds to help school districts meet a new federal requirement pertaining to special education for preschoolers (See Table 1).

Beginning in school year 1990-91, public schools were mandated by Public Law 99-457 to provide special education programs to handicapped youngsters at ages 3, 4 and 5. State law was changed to comply with federal law with the passage of Senate Bill 55 (Chapter 669, as amended by Chapter 765, *Statutes of Nevada, 1989*) by the 1989 Legislature, which required Nevada school districts to admit all handicapped children to special programs at the age of three and that six-tenths of the number of

handicapped children under the age of five be counted for apportionment purposes. Special education of handicapped preschoolers was now mandatory, not permissive.

As early as 1956, Nevada law permitted handicapped minors to be admitted at the age of three to special education programs and classes and to be counted for apportionment purposes as if they were already six years old. In 1969, the term "handicapped" was changed to "physically handicapped or mentally retarded" by Assembly Bill 475 (Chapter 253, *Statutes of Nevada, 1969*); however, the law was changed back to "handicapped" by 1973's Senate Bill 648 (Chapter 720, *Statutes of Nevada, 1973*).

In 1971, Assembly Bill 340 (Chapter 307, *Statutes of Nevada, 1971*) provided that aurally handicapped children might be admitted at any age and counted for apportionment purposes as if they were already six years old. Senate Bill 648 (Chapter 720, *Statutes of Nevada, 1973*) of 1973 permitted the visually handicapped, as well as the aurally handicapped, to be admitted to special programs at any age and the academically talented to be admitted at age four. Children with other handicapping conditions, however, were no longer permitted to enroll in special programs at age three; they had to wait until age five. Also, although handicapped children enrolled in special education programs could still be counted for apportionment purposes, they were no longer counted as six-year-olds. In most districts they were counted as six-tenths, the same as kindergarten pupils.

As might be expected, pressure to admit mentally handicapped youngsters before the age of five persuaded the 1975 Legislature to pass Senate Bill 352 (Chapter 593, *Statutes of Nevada, 1975*), which permitted the mentally retarded to be admitted to special education programs at age three and counted for apportionment purposes.

An interim legislative study conducted in 1984, pursuant to Senate Concurrent Resolution 55 (File No. 159, *Statutes of Nevada, 1983*), recommended that Nevada laws be amended to permit educational services for all exceptional children as early as age three (Legislative Commission, 1984).

The term "academically talented" was changed to "gifted and talented" by Senate Bill 443 (Chapter 333, *Statutes of Nevada, 1989*) in 1989.

Many terms and definitions have changed over the years and continue to change. "Physically or mentally handicapped minor," as used in statutes pertaining to special education, was first defined in 1956:

Sec. 280. "Physically or Mentally Handicapped Minor" Defined. As used in this article, "physically or mentally handicapped minor" means a physically or mentally defective or handicapped person under the age of 21 years who is in need of education. Any minor who, by reason of physical or mental impairment, cannot receive the full benefit of ordinary education facilities shall be considered a physically or mentally handicapped person for the purposes of this article. Minors with vision, hearing, speech, orthopedic, mental and neurological disorders or defects, or with rheumatic or congenital heart disease, or any disabling condition caused by accident, injury or disease, shall be considered as being physically or mentally handicapped (Assembly Bill 1, (Chapter 32, *Statutes of Nevada, 1956*).

As was mentioned in the section dealing with preschoolers, the 1969 Legislature changed "handicapped" to "physically handicapped or mentally retarded" and the 1973 Legislature changed back to "handicapped," but there were some significant changes to this definition over the years.

The 1956 definition includes any person under the age of 21, but in 1973, Assembly Bill 66 (Chapter 753, *Statutes of Nevada, 1973*), an act relating to the age of majority, lowered the age to 18. Although this change might, at first glance, be viewed as an accident tied to lowering the voting age to 18, Senate Bill 648 (Chapter 720, *Statutes of Nevada, 1973*) of the same session also changed the age of eligibility for special education from 21 to 18, which was in keeping with federal law at the time. Senate Bill 648 also made the definition more restrictive by stipulating that a handicapped minor was any person who "deviates either educationally, academically, physically, socially or emotionally so markedly from normal growth and development patterns that he cannot progress effectively in a regular school program and therefore needs special instruction or special services."

The 1991 Session's Senate Bill 611 (Chapter 643, *Statutes of Nevada, 1991*) increased the age of eligibility for out-of-district placements pursuant to Chapter 395 of NRS to 22, but this provision "sunsets" on July 1, 1993, unless it is extended during the 1993 Session.

In 1989, the definition of a handicapped minor was amended by Senate Bill 433 (Chapter 333, *Statutes of Nevada, 1989*) to change "academically talented" to "gifted and talented" and the following phrase was added to the definition: "*...or demonstrates such outstanding academic skills or talents* that he cannot progress effectively in a regular school program and therefore needs special instruction or special services."

Back in 1956, the law stated that school boards **may** make special provisions as necessary for educating the handicapped minors, but their rules of eligibility were subject to the standards of the Department of Education. In 1969, passage of Assembly Bill 33 (Chapter 511, *Statutes of Nevada, 1969*) required schools to make special provisions for the education of the handicapped and to establish uniform rules of eligibility. The bill did provide a couple of escape clauses for school districts, though:

> 4. If the superintendent of public instruction finds that it is impossible for the board of trustees of a school district to comply with the mandatory requirements of this section because the number of physically handicapped or mentally retarded minors within the school district is so small, the distance to another public school where such instruction is offered is so great or the services of a qualified teacher cannot be obtained, the provisions ... shall not apply to such district.
>
> 5. Nothing in this section shall be construed to require a board of trustees of a school district, in any school year, to make special provisions for the education of physically handicapped or mentally retarded minors in excess of the number determined to be 2 1/2 percent of the total pupil enrollment of the school district.

Furthermore, Assembly Bill 33 added a statement in which the Legislature declared the basic support guarantee per pupil established financial resources sufficient to insure a reasonably equal educational opportunity to handicapped minors in Nevada. In 1969, school districts were receiving basic support for each pupil, but no additional or separate amount for handicapped pupils.

That declaration has been modified somewhat now that state funding for special education is provided by means of program units. Currently, the declaration reads as follows:

> **NRS 388.450** 1. The legislature declares that the basic support guarantee for each special education program unit established by law for each school year establishes financial resources sufficient to insure a reasonably equal educational opportunity to handicapped minors residing in Nevada.

Just how sufficient the basic support guarantee for each special education program unit might be is the reason this study and a previous study were approved by the Legislature.

In 1986, an interim legislative subcommittee, created by Senate Concurrent Resolution 3 (File No. 130, *Statutes of Nevada, 1985*) to study the financing of public elementary and secondary education in Nevada, received testimony regarding Nevada's special education funding plan. The following excerpt from the subcommittee's final report summarizes their findings:

> Concerns were also expressed to the subcommittee that the state should fund 100 percent of the special education need and that state support per special education unit should be increased to approximate the cost of a special education teacher. In fiscal year 1985-86 school districts supported, through local funds, 45 units in addition to those supported by the state.
>
> At its meetings, the subcommittee received numerous suggestions on the level and method of state aid for special education ranging from no change to eliminating categorical funding and instituting a weighted student approach. No consensus between the school advisors, department of education representatives, school district representatives or the subcommittee could be reached during the course of the study. Additionally, the subcommittee learned that the department of education currently had its own task force preparing special education recommendations for the 1987 legislative session (Legislative Commission, 1986, p. 13).

Consequently, the subcommittee recommended the 1987 Legislature authorize an interim study of special education to address the availability of special education services as well as its funding.

The 1987 Legislature did authorize such a study with its passage of Senate Concurrent Resolution 3 (File No. 136, *Statutes of Nevada, 1987*). The final report of the SCR 3 study concluded that in each session since 1973, when special education program units were first used to fund special education, the number of units and the amount per unit have increased, but the increases have generally fallen short of what was needed to cover teacher costs. "As the cost of the average teacher's salary increased over time, the amount appropriated per unit became less and less able to cover its intended target -- the salary of the teacher providing the instructional program for handicapped children" (Legislative Commission, 1988, p. 2). Table 3

compares the special education unit amount with the average salary of a special education teacher for the past 20 years since unit funding began. To be more accurate, Table 3 should include fringe benefits paid to teachers, but the Department of Education has never been required to systematically track benefits or total compensation. Steps should be taken to require the State Department of Education begins tracking all benefits and total compensation for licensed school district employees, not just contract salary amounts.

According to the 1988 study, school districts estimated the amount of the shortfall between state funding for special education and actual costs of the program was $8 million in fiscal year 1985-86 and $10 million in 1986-87. As a result, the State Board of Education appointed a committee to make recommendations to the 1987 Session concerning this shortfall. The State Board's committee recommended the unit basis of funding be continued but that the amount per unit should equal the average salary of a teacher plus fringe benefits, with corresponding adjustments made for salary increases. Furthermore, they expressed concern about the procedure for determining the number of units to be funded each session. Although the State Board's recommendations were not adopted by the 1987 legislature, they were incorporated into the recommendations adopted by the SCR 3 subcommittee:

> 1. Placing in the statutes a policy statement that the amount provided by the state to local school districts for each special education program unit must be the estimated cost of the average salary and benefits payable to or on behalf of special education teachers, adjusted for any prospective changes in schedules for salaries which may be anticipated by the legislature. The average salary and benefits of special education teachers must be calculated by the state department of education and supplied to each legislature for use in its deliberations upon the financial support for special education program units.
>
> 2. Placing in the statutes a policy statement that it is the intent of the legislature that the minimum number of special education units provided to local school districts by each session of the legislature must be the number provided by the previous sessions of the legislature plus any units which have, since the previous session, been added by districts with local money from a source other than federal money (Legislative Commission, 1988, p. vii).

These two recommendations of the SCR 3 subcommittee were incorporated into a single bill, Senate Bill 54 of the 1989 Session, which failed to pass out of committee.

The study committee's recommendations did not address the need to increase the number of special education units to keep up with enrollment growth.

Concern over the shortfall between state funding and special education program costs has not waned. At the beginning of the 1991 Session, the Department of Education presented the Senate Finance Committee and the Assembly Committee on Ways and Means with a detailed report, *Special Education Funding in Nevada: Data Supporting Enhanced Funding for Special Education* (1991). According to the report, insufficient funding for special education in Nevada was the result of three factors:

(1) The amount allocated per unit does not cover the cost of salary and benefits of a full-time licensed teacher,

(2) The number of units allocated statewide is insufficient to meet special education program needs, and

(3) Additional educational costs exceed the amount allocated per pupil through the Distributive School Account (Nevada Department of Education, 1991, p. 4).

When special education unit funding falls short of covering actual program costs, "Nevada's school districts must draw on local funds to make up the difference" (Nevada Department of Education, 1991, p. 4). According to the Department's 1991 report, the amount of the shortfall was $10.9 million in 1986, $12.2 million in 1987, $16 million in 1988 and $19.5 million in 1990. For 1991, the computed shortfall is $23.9 million (Nevada Department of Education, 1992). The issue of the shortfall and the computations made by the school districts will be discussed in greater detail later in this report in Item A-2 of Section IV, beginning on page 39.

The Department's recommendations to the 1991 Legislature were similar to those made to the 1989 Session, with one exception -- their recommendation for allocating units in future sessions now included an additional number of units each year to meet the growth in enrollment expected in the coming biennium.

Much attention was focused on the issue of pupil-teacher ratios during the 1991 legislative session. It is not surprising the idea surfaced that it might be feasible to fund special education on the basis of pupil-teacher ratios or class size.

The Senate Finance Committee, through passage of Senate Concurrent Resolution 68 (File No. 191, *Statutes of Nevada, 1991*), directed the Fiscal Division of the Legislative Counsel Bureau to study the feasibility of funding special education on

the basis of pupil-teacher ratio or class size; examine the amount of federal, state and local funding available for special education; determine the actual costs of special education; and review methods used in other states to fund special education. The findings of this study are included in this report to the 67th Session.

III. CURRENT OPERATIONS

A. Number of Handicapped Pupils

Nevada's count of handicapped children, ages 3 through 21, enrolled in public schools as of December 1, 1991, was 19,957. The number of gifted and talented students, which is not included in the 19,957 total, was 8,874. Full enrollment for the 1991-92 school year was 211,810, as of the last day of the first school month, and was Nevada's official count for purposes of apportioning state aid to school districts (*Research Bulletin*, 1992).

Since the count of handicapped students is taken about two months later each year than the count of total pupils enrolled, a calculation of the percentage of handicapped students based on the two figures is not accurate. Also, while handicapped students between three and five years of age and those over the age of 18 are included in the count of handicapped pupils and in the count of total pupil enrollment, nonhandicapped peers of those two age groups would not generally be a part of total enrollment and the prevalence of disabilities among the school age population would be skewed to the high side. Nevertheless, Table 2 compares the number of handicapped pupils with total enrollment for the last 15 years. On the right side of Table 2, the percentage of handicapped students has been calculated for each year based on the state's total enrollment. Obviously, the caveats explained above should be reported when using these percentages. Table 4 reports the number of handicapped pupils, identified by primary handicapping condition, and gifted and talented pupils, as of December 1, 1991, for each school district in Nevada. The number of handicapped and gifted and talented students have been expressed as a percentage of each county's and the state's total enrollment.

Federal requirements dictate that a count of all handicapped children enrolled in public schools be taken on December 1 of each year, but a count of each state's total enrollment is not also requested. Instead, estimates of enrollment from the National Center of Education Statistics (NCES) and of school-age population from the U.S. Bureau of the Census are used by the federal government to calculate the prevalence of handicapping conditions across the nation for various age groups of children and youth. Since all states are treated the same, a state's rank in comparison to other states is valid information. For 1989-90, the most recent year for which nationwide

figures are available, Nevada ranked 46 of the 50 states and the District of Columbia in the percentage of children age 6 through 17 served under IDEA Part B and Chapter 1 of ESEA (See Table 5).

Nevada state law requires total enrollment to be counted at the end of September on the last day of the first school month, but no count of handicapped youngsters is required to be taken at that time. The percentage of handicapped students in Nevada, therefore, is not expressed as an exact percentage of the state's total enrollment; the percentage reported by the federal government for Nevada is used instead. One school district official suggested a count of both the number of handicapped and the total enrollment be done late in the school year to formulate a more accurate percentage.

Nationwide, the handicapped make up 9.82 percent of total enrollment, while Nevada's percentage is 7.95 (U.S. Dept. of Education, 1991, p. A-50). The reason Nevada's special education enrollment is consistently lower than the nationwide average has never been adequately explained. Is Nevada's population more fortunate than other states? Does Nevada have stricter eligibility requirements for those receiving special education? Does Nevada have long waiting lists of those who might be eligible for special education but have not been evaluated? Does Nevada's high number of dropouts take a bigger toll among the handicapped than the nonhandicapped? Further study of this issue is needed.

There are also tremendous differences between Nevada's 17 school districts in the percentage of enrollment served in special education programs. Table 4 displays the percentage of handicapped and gifted and talented pupils for each county. The percentage ranges from 8.5 in Clark to 16.9 in Esmeralda. While some of the districts have so few students that comparisons of such percentages is relatively meaningless, larger counties also show large differences. Washoe County is serving 10.6 percent of their enrollment, while Carson City serves 14.2 percent. The statewide average of pupils receiving special education is 9.4 percent, but the school district with 60 percent of the state's students is serving 8.5 percent.

Clark County has classified 5.4 percent of their enrollment as gifted and talented, while Carson City identifies 4.2 percent and Washoe and Lyon Counties each serve 3 percent. Most of the other districts have identified one pupil or none as gifted and talented. The absence of gifted and talented pupils in the other districts probably says more about the schools' programs than their pupils.

Table 4 also shows the percentage of special education pupils identified as having a particular handicapping condition. Most special education students (55.4 percent) are

categorized as "learning disabled." The next largest category is the speech and language impaired with 22.2 percent of the handicapped pupils. These statistics are interesting because students with learning disabilities and speech handicaps are ordinarily mainstreamed in the regular classroom, and special education is provided for only a part of their school day. Thirty-four percent of Nevada's special education students spend 80 percent or more of the school day in their regular classrooms, while another 44.5 percent are in their regular classrooms between 40 and 80 percent of the day (See Table 6).

B. Special Education Program Units

As was discussed earlier in this paper, Nevada provides state funding for special education on the basis of special education program units. NRS 387.1211 defines a "special education program unit" as "an organized instructional unit which includes full-time services of persons licensed by the superintendent of public instruction providing a program of instruction in accordance with minimum standards prescribed by the state board." To qualify for a full apportionment, a unit must have operated the full school days of at least nine of the school months within a school year. A school day for the program unit is 330 minutes (*Standards for Administration of Special Education Programs*, p. 1).

The State Department of Education requires school districts to submit the name and Social Security number for each teacher working in a special education unit. The Department verifies that the individual is properly licensed. During school year 1991-92, there were 1,336.8 full-time equivalent special education teachers (*Research Bulletin*, 1992). There were 1,389 state-funded special education units. The difference between the number of licensed special education teachers and the number of units is due to a number of licensed professionals who operate units but are not listed as special education teachers, such as speech therapists, teachers of adaptive physical education and psychologists teaching units of emotionally disturbed students.

Psychologists, nurses, occupational therapists and physical therapists provide related services to handicapped students but such positions are not eligible for state special education unit funding. While these ancillary personnel are often supported by federal funding for special education, they are not counted as federally funded units. Only teachers or speech therapists who are federally funded would be categorized as federally funded special education units. Unless a program contains a properly licensed professional providing instruction to an assigned caseload or class, it does not qualify as a special education unit in Nevada.

Table 7 compares the number of handicapped pupils in Nevada's public schools for several years with the number of authorized state-funded special education units. The average number of handicapped pupils per unit is displayed, as are the unit dollars per handicapped child. Generally, the number of pupils per state-funded unit has decreased over the years from 16.33 in 1976 to 15.19 in 1992, but the number of pupils per unit has been increasing in recent years. The unit dollar amount per handicapped child has almost doubled from $980 in 1976 to $1,807 in 1991, but dropped to $1,726 in 1992-93.

Table 8 compares the amount of state special education unit funding per handicapped child to the average statewide basic support per child for a number of years. In 1976-77, the amount of state unit funding per handicapped child was $980, which was actually greater that the basic support per pupil that year of $918. In 1991-92, state special education unit dollars amounted to $1,807 per handicapped child but basic support per pupil was $3,285. Over fifteen years, unit funding per handicapped pupil increased 84 percent, but average basic support per pupil increased 258 percent. Unit support per handicapped child shrank from 107 percent of basic support per pupil to 55 percent over that period. It is important to note here that districts are guaranteed basic support for each child, including those enrolled in special education.

Table 9 shows the total number of special education units operated in Nevada in school year 1991-92 was 1,476.63. Districts have supplemented the 1,389 state-guaranteed units with locally and federally supported units. Table 10 identifies all 1,389 state-guaranteed units, including each county's regular allocation of special education units, any units or portions of units reallocated by the State Board of Education from districts that were unable to fill units to those with eligible locally funded units and discretionary units awarded by the State Board to eligible local units. Locally supported units for fiscal year 1991-92 are found on Table 11. There were only 77 documented units supported by local funds in fiscal year 1991-92; 72 of those were in Clark County. Federally funded program units are shown on Table 12; there were only 14, of which 9 were in Clark County.

The amount of funding provided for each unit maintained and operated for at least 9 months of a school year is established by law. Generally, the amount of funding per unit is established for the coming biennium by the Legislature in its school funding bill. In fiscal year 1991-92, the amount per unit was $25,956; in fiscal year 1992-93 it is $26,208.

C. Placement of Handicapped Pupils

Table 6 compares the type of programs and facilities in which Nevada's handicapped pupils are placed with placements nationwide. A description of each placement follows:

Regular Class - handicapped child receives special education and related services less than 21 percent of the school day.

Resource Room - handicapped child receives special education and related services for 21 to 60 percent of the school day.

Separate Class - handicapped child receives special education and related services for more than 60 percent of the school day.

Public Separate School - handicapped child receives special education and related services for more than 50 percent of the school day in separate facilities.

Private Separate School - handicapped child receives special education and related services for more than 50 percent of the school day in private day school facilities at public expense.

Public Residential - handicapped child receives special education and related services for more than 50 percent of the school day in a public residential facility.

Private Residential - handicapped child receives special education and related services for more than 50 percent of the school day in private residential facilities.

Homebound/Hospital - handicapped child receives special education and related services in hospital programs or homebound programs.

Nevada is more apt to educate its handicapped pupils in the regular classroom or a resource room at school than in separate schools or separate classes. The majority (44.5 percent) of Nevada's special education students are educated in resources rooms, while 34 percent are served within their regular classrooms. Nationwide, 37.3 percent of handicapped children are in resource rooms and 31.3 percent are in regular classrooms.

Table 13 shows the placement of Nevada's handicapped pupils during school year 1991-92 by handicapping condition and age.

D. Out-of-district Placements

No review of special education in Nevada at the current time is complete without a discussion of the state's program for placing handicapped children outside their home school district. When an appropriate special education program is not available within a handicapped student's home school district, Chapter 395 of NRS provides that the state pay educational, residential and transportation costs of a handicapped student placed in a program outside of his home school district. These placements may be made in out-of-state facilities or in-state in other school districts or in non-school facilities.

If a local school board certifies that an appropriate special education program and related services for the particular handicap and grade or level of education of the handicapped individual are not available within the home school district, the local board transmits an application for services to the Superintendent of Public Instruction. Upon receipt and review of an application for benefits, the Superintendent of Public Instruction may call for additional examinations at state expense. Once the Superintendent has determined that the local school district has prepared an appropriate IEP for the child and is unable to provide an appropriate educational program, he makes an appropriate placement, except in cases where the child is suffering from an emotional illness, a traumatic brain injury or autism. In those cases the child is referred to the Director of the Department of Human Resources, who makes the appropriate placement, with final approval by the Superintendent. The involvement of the Director of Department of Human Resources in placement decisions is a recent development.

For the 1991-93 biennium, Senate Bill 611 of the 1991 Session (Chapter 643, Statutes of Nevada, 1991) specified that the Department of Human Resources, with the approval and under the supervision of the Superintendent of Public Instruction, provide special education programs and related services to handicapped children suffering from autism, emotional illness or traumatic brain injury if no appropriate program is available in their home school district. Previously, the Superintendent made all such placement decisions. The Governor recommended this change in an attempt to curb the program's ever-increasing costs and to encourage the Department of Human Resources to expand in-state facilities and services.

In the late 1980s, the expenses of this program were increasing at an alarming rate. The Department of Education's requests for approval from the Interim Finance Committee to transfer funds appropriated for the second year of the biennium into the first year of the biennium and for supplemental appropriations to cover the second year's expenditures were becoming commonplace.

An eighteen-year record of the number of handicapped children placed outside of their home school district and the costs of the program and average per pupil costs are reported on Table 14. While the number of handicapped children served has fluctuated from year to year, there has not been a significant increase in the number of children served, but the average cost per student increased 417 percent over the years displayed on the chart. Still, the average cost per pupil has decreased in each of the last two years and was $23,991 in fiscal year 1991-92.

In fiscal year 1991-92, this budget reverted to the general fund $384,329 (40 percent) of the $945,854 general fund appropriation. The Department of Education spent 47 percent of its allocation for student placements, and the Department of Human Resources spent 61.5 percent of its allocation. According to the Department of Education, expenditures were much lower than budgeted amounts due to the absence of high-cost placements for children with traumatic brain injuries and fewer severely emotionally handicapped students in this fiscal year compared to prior years.

According to the last quarterly reports received from the two departments, the Department of Education estimates $267,898 in remaining authority and the Department of Human Resources reports $831,832 in unobligated authority in fiscal year 1992-93. However, the Department of Human Resources may not be including some anticipated expenses that are not yet obligated. It appears the dual-agency responsibility for this program has been successful. Senate Bill 611 of the 1991 Session calls for the involvement of the Director of the Department of Human Resources in placement decisions to "sunset" on June 30, 1993, but Senate Bill 265 of the 1993 Session would remove the "sunset provision" and continue the two departments' shared responsibility for the program.

Table 15 lists, by case number, the children currently placed outside of their home districts under provisions of Chapter 395 of NRS, according to the October 7, 1992, report from the agencies to the Interim Finance Committee.

The Department of Education retains responsibility for placing all children with disabilities other than the three handicapping conditions for which the Department of Human Resources is responsible. In the first quarter of fiscal year 1992-93, the Department of Education had 13 students placed out of state (2 more than the prior quarter), 4 in other school districts within the state, and 2 applications pending acceptance. The Department of Education returned two children to Nevada within the last year. Students for which the Department of Education retains responsibility are more apt to be placed out of state. One reason for this is that Nevada has no in-state residential placements for hearing or visually impaired children.

The Department of Human Resources has returned four students to in-state placements since that Department was granted authority to make placements in 1991. For the first quarter of fiscal year 1992-93, Human Resources lists 8 out-of-state placements, 5 in-state placements, 4 pupils returned to Nevada and 2 pupils pending placement in this program.

One area of special education of particular interest to the Legislature involves out-of-state placements of autistic children. The Joe and Mary Blasco Mental Health Facility, a residential facility for autistic children, opened in Las Vegas in 1989 and was donated to the state. The facility was designed to hold 6 to 7 autistic children. The 1989 Legislature hoped that at least three autistic children, which the Department of Education had placed in out-of-state facilities, might be returned to Nevada to the Blasco facility. During the 1991 Session, the Legislature directed the Department of Education to continue to explore the possibility of moving these children back to Nevada. The Department, with recommendations from the home school districts, found the facility was not appropriate for any of the autistic students placed out-of-state.

According to the October 7, 1992, report from the Departments of Education and Human Resources to the Interim Finance Committee, none of these three children have been returned to the Blasco facility. The handicapping condition of one of the three students was changed from autistic to multiple handicapped, and the child, who has been in the same placement since 1979, remains the responsibility of the Department of Education. One of the other autistic children resides in a California placement as a result of a negotiated settlement which stipulated that any future change in placement would require court approval. This child has been in his current placement since 1980. The third autistic child has been in his out-of-state placement since 1984, and it was reported to the Legislature in January of 1992 that the home school district

was preparing a report on the suitability of the Blasco facility. No further information on this child's placement has been received by the Legislature.

Another report, dated December 21, 1992, states that the Blasco facility has only a four-bed capacity and all children served in the facility since its inception have been placed there voluntarily by their parents. This report states that the average daily census for the Blasco facility in fiscal year 1991-92 was 3.7. Indeed, it appears that the autistic children placed out of state may not be accommodated by the Blasco facility after all.

E. Caseloads and Class Sizes

Any discussion of placements and service levels, should address the issue of caseload and class size.

If the number of students receiving special education services is divided by the number of special education units, an average pupil-teacher ratio may be calculated. In school year 1991-92, the pupil-teacher ratio for special education would be 14.4 to one if the number of handicapped students (19,957) is divided by the total number of regular units (1,389) but only 13.5 if divided by the total number of state, federally and locally funded units (1,476.63). Of course, the type and severity of handicap causes great variations in this ratio in any individual teacher's class or caseload. Actual caseloads and class sizes are controlled by state regulations.

Table 16 displays the maximum caseloads and class sizes for special education programs in Nevada, as set forth in Section 388.150 of the Nevada Administrative Code. Although the allowable caseload or class size varies by handicap and may be increased somewhat by employing a teacher's aide, caseloads and class sizes appear reasonable and comparable to other states. School districts are required to comply with these standards unless they have received written approval from the State Department of Education to vary from the requirements. The degree to which Nevada school districts conform to these standards is important in determining whether a sufficient number of units of special education instruction are provided or whether funding should be provided on the basis of class size.

According to Gloria Dopf, Director of Special Education, Nevada Department of Education, school district programs are regularly reviewed by state and federal monitoring teams, and the state's maximum caseload and class size limits are rarely exceeded, although some exceptions have been noted recently.

F. Program Monitoring

Nevada's monitoring system is called the "Nevada Special Education Comprehensive Program Review." The system is divided into three phases: (1) Compliance Monitoring, (2) Self-monitoring, and (3) Program Effectiveness. A fourth component, called "System Review," is continuous. In any given year, one third of the districts are in each of the three phases. It takes three years for each district to complete a cycle (all three phases).

In the Compliance Monitoring Phase, a school district must verify that it has implemented procedures in eight areas required by the Nevada Department of Education's comprehensive program review system: identification of all children in need of special education; parental involvement; confidentiality of personally identifiable information; procedural safeguards; unbiased, multi-faceted and validated assessment practices; an individualized education program (IEP) for each child that is reviewed annually; participation in regular education programs to the maximum extent possible; and a comprehensive system of personnel development (training). The school district submits its procedures and policy manuals, handicapped child count, class lists and self-monitoring materials to the State Department of Education. The Department reviews this material and randomly selects a number of students whose parents are then surveyed. The Department conducts on-site monitoring visits and prepares its final report and a Corrective Action Plan for the school district.

The Self-monitoring Phase requires school districts to review their own programs, using either the Department's monitoring forms or the district's own, and submit a report on self-monitoring activities to the Department by June 30 of the year designated for self-monitoring. The goal of the Program Effectiveness Phase is to effectuate improvements in special education programs by identifying issues, reviewing programs and implementing changes. System Review involves on-going review and evaluation of the three phases.

In addition to Nevada's monitoring process, the federal government conducts its own review of Nevada's compliance with federal laws and regulations. In its most recent review, which was conducted in December of 1991, the federal Office of Special Education Programs found that 10 of 72 IEPs examined had not been reviewed within the preceding 12 months. Thirteen of the 72 IEPs contained no annual goals, and 12 of 72 contained no short-term objectives for one or more areas of need. In 43 cases, objective criteria for measuring the student's progress were not found in the IEP. Monitoring teams discovered

that in some districts, resource rooms were the only placement available and the resource room's hours of operation were limited, regardless of students' needs. School districts were also criticized for not providing extended school year (summer) programs to each child in need of such services, for not conducting initial evaluations within a reasonable period of time after a child is referred for testing and for failing to provide all services specified in each IEP. The State Department of Education has taken corrective steps required by the federal monitor (Nevada Department of Education, September, 1992).

It should be pointed out that the Special Education Branch of the Department of Education has established a computerized method for tracking handicapped students across the state. Data submitted on computer discs to the Carson City Technology Support Center, which is supported by federal funds, is compiled for quick, accurate reporting.

IV. DISCUSSION OF ISSUES

A. Federal, State and Local Funding for Special Education Programs

Fiscal support of public elementary and secondary education is a shared responsibility. In almost all states, public education is supported by a combination of federal, state and local revenues. In fiscal year 1986-87, state government contributed 50.1 percent of $160.5 billion of total revenues for public education, local government provided 43.7 percent and federal funds made up only 6.2 percent (Verstegen & Cox, 1992).

"Over the past decade, there has been an increasing dependence on State governments for the fiscal support of educational services" (O'Reilly, 1989, p. 1). Augenblick, Gold and McGuire (1990) found that school revenue more than doubled between 1980 and 1990, and the sources of that revenue changed as decreases in the federal government's share of school funding were offset by increases in state and local revenue; their data is shown in Table 17 (Augenblick et al., 1990). Table 18 displays the source of funding for Nevada schools for the same years.

In 1980, for the nation as a whole, 49.1 percent of all revenue for schools came from state governments; the share paid by states grew slightly over the decade to 49.4 percent in 1990. In Nevada, however, state revenues provided 60.7 percent of school resources in 1980 but contributed only 45.8 percent of school resources in 1990. Over the last 16 years, the primary source of funding for public elementary and secondary education in Nevada has shifted back and

forth between state and local resources as a result of changes in tax policy. Table 19 displays the percentages of state, local and federal funds that comprise school districts' general fund revenue in Nevada. Federal funding remains consistently at or below one percent, while Nevada's state and local revenues swap places some years but maintain a split of about 45 percent of one source to 55 percent of the other. In the current fiscal year, 1992-93, Nevada's school district budgets attribute 57 percent of their revenue to local sources, 42.4 percent to state sources and one-half of one percent to the federal government.

Responsibility for funding for special education is also shared between federal, state and local government. Of the estimated $17.4 billion expended nationwide during 1986-87 on education of the handicapped, state governments provided 56 percent of the resources, local government paid 36.5 percent and the federal government funded 7.5 percent (Verstegen & Cox, 1992). Funding for special education amounted to 10.8 percent of total aid to education and provided programs for 10.9 percent of total enrollment.

Verstegen and Cox (1992) found considerable variations among the states in federal, state and local shares of funding for special education. Their table comparing the share of federal, state and local resources for special education and elementary and secondary education for each state for fiscal year 1986-87 has been reproduced in this report as Table 20. In five states, federal money provided 15 percent or more of special education funding, but New York received only 3.1 percent of its special education monies from the federal government. Five states contributed over 90 percent of special education funding for their schools, but another five contributed less than 25 percent of special education funds. In nine states, local revenues comprised less than five percent of special education funds, but over 70 percent of special education funding was generated locally in four other states.

According to Verstegen and Cox, the majority (57.2 percent) of Nevada's special education funding in 1986-87 came from state resources, while 37.7 percent was generated locally and only 5.1 percent came from federal funds. More recent figures compiled by the Department of Education break down the sources of funding for handicapped students in Nevada in fiscal year 1987-88 as follows: 5.4 percent federal, 55.7 percent state and 38.9 percent local revenues (Nevada Department of Education, 1991). In fiscal year 1990-91, the percentages of federal and state funding decreased and the local share of funding available for educating handicapped pupils increased. The state share was down to 50.8 percent, federal share down to 4.5 percent and the local

share increased to 44.7 percent (See Table 21). The Department's calculations for both fiscal years 1987-88 and 1990-91 follow the formula the Department developed, which is shown on the worksheet on Table 22.

1. Federal Funding

The largest amount of federal funding Nevada receives for special education programs is provided under P.L. 101-476, the Individuals with Disabilities Education Act (IDEA). The IDEA Part B State Grant Program distributes federal funds to the states each year based on the previous year's December 1 count of disabled students receiving special education and related services. In fiscal year 1991-92, Nevada received $399 per child for a total of $7.2 million.

At least 75 percent of the IDEA Part B funds must be passed through to local school districts based upon the number of disabled students served in each district. Local school districts are required to assure that these funds do not supplant state and local funds and that they are used for excess costs of providing special education and related services for disabled students (U.S. Dept. of Education, 1991).

State education agencies are allowed to set aside 25 percent of the funds received under Part B for state programs. Up to 5 percent of this set-aside, or $450,000, whichever is greater, may be used for administrative costs. The remaining 20 percent, called state discretionary funds, may be used for direct and support services for disabled students and for administrative costs of monitoring and compliance investigations to the extent that such expenditures exceed the costs of administration incurred during fiscal year 1984-85 (U.S.Dept. of Education, 1991).

Federal funds received under IDEA Part B are available for two federal fiscal years, plus expenditure authority is retroactive to the July 1st preceding the receipt of the federal grant award, which means the grant money may be expended over a 27-month period. As soon as each year's grant is received, the Department of Education distributes local school district entitlements, which must be at least 75 percent of the total grant. Five percent, or $450,000, whichever is less, is retained to cover the Department's administrative costs. The remaining funds are used to fund some out-of-district placements of disabled pupils and for discretionary grants to school districts and parent groups.

Up until 1990, discretionary funds, the 20 percent of Part B funds designated for state programs, were not used to provide direct services for out-of-district placements.

Prior to the fall of 1990, the Department of Education awarded discretionary grants at the beginning of the second year of each 27-month funding period. This one-year lag between the time discretionary funding was received and when it was spent created a continuing reserve from which emergency grants could be made or continued funding of existing programs could be ensured.

In June of 1990, though, the Board of Examiners recommended and the Interim Finance Committee approved the use of discretionary funds to partially cover the increasing costs of transporting, educating and caring for handicapped students placed in educational programs and institutions outside of their home school district in order to receive an appropriate education. It was specifically decided that grants for the 1990-91 school year be made, as planned, from the discretionary portion of the federal grant for 1989-90; however, the discretionary portion of the 1990-91 federal grant would be used to help fund out-of-district placements during the 1990-91 school year. Instead of holding discretionary funds for a year before awarding grants, the Department would spend part of the discretionary funds on out-of-state placements and part on discretionary grants within the same state fiscal year in which the federal funds were awarded. Once this action was taken, reserve funds were greatly diminished.

Although the Department of Education believed the Budget Director was only planning to use Part B discretionary funds to cover out-of-district placements that one year, the Governor recommended and the Legislature approved the expenditure of $746,252 in fiscal year 1991-92 and $896,995 in fiscal year 1992-93 of discretionary funds for out-of-district placements.

P.L. 94-142, the predecessor of P.L. 101-476, authorized a payment formula for Part B funds based on 40 percent of the national average expenditure per pupil times the number of handicapped children receiving special education and related services (Ballard, Ramirez & Zantal-Wiener, 1987). When the law was enacted in 1975, a timetable was established whereby the amount provided per pupil would gradually increase until it was sufficient to cover 40 percent of the average per pupil expenditure. Although the law authorized increases each year to reach the 40-percent mark, Congress has never appropriated more than 8 or 10 percent of the average per pupil expenditure. Keep in mind that the goal of P.L. 94-142 was to provide 40 percent of the average cost of educating a pupil in this nation, not 40 percent of the cost of educating a *handicapped* child.

Although funds provided under IDEA Part B are the largest single source of federal funding for special education, they are not the only source. Since 1965, funds have been provided under Chapter 1 of the Elementary and Secondary Education Act

(ESEA), P.L. 100-297, to support supplemental educational services to children in state-operated or state supported schools and institutions. To be counted as eligible, students must be in a state-operated educational program, or have been in one for at least one school year, and require special education and related services. After initial eligibility is established through a student's institutionalization, he may continue to be eligible for this program and receive special education and related services in a school district or non-institutional setting. In fiscal year 1991-92, Nevada received $175,779, which amounted to $455 per child in a state-operated facility. These funds were transferred by the Department of Education to the Health Division's Special Children's Clinics ($60,000) and to The Division of Child and Family Services ($115,779).

The Nevada Department of Education also receives funding under P.L. 99-457 for handicapped children, ages 3 to 5. Nevada received approximately $1.1 million in 1991-92. Federal guidelines require that 75 percent of these funds flow through to local school districts for qualified programs. Five percent is available to cover the Department's administrative costs, and the remaining 20 percent is available for state agency projects and to support demonstration or pilot projects.

The federal government also makes funding available to Nevada under IDEA, P.L. 101-476, to train teachers, administrators and parents to work with handicapped children. In fiscal year 1991-92, Nevada school districts and its universities received approximately $75,000 for such training.

The Carl Perkins Vocational and Applied Technology Act of 1990 requires school districts to spend 20 percent of the funds received under the act on vocational training for the handicapped. The act also requires the State Board to assure that members of special populations, such as the disabled, will be provided equal access to recruitment, enrollment and placement activities and equal access to the full range of vocational education programs available to those who are not members of special populations (Zuckman, 1990). In 1990-91, when funds were granted on a competitive basis, $451,669 of federal Carl Perkins money was provided for the handicapped. Those funds are no longer granted to local education agencies on the basis of competitive grants but are distributed based upon total enrollment of special populations, which include the handicapped. Approximately $3,543,835 was distributed to special populations in fiscal year 1991-92, $2,636,954 to secondary schools and $906,881 to postsecondary institutions (Reykers, 1993).

2. State Funding

All states provide funding for special education programs. "Over the past decade, State agencies displaced local governments as the primary contributor to the special education system" (O'Reilly, 1989, p. 9). State governments now provide over half of all resources for special education.

The majority of states distribute special education funding through categorical aid. Most of the rest of the states, including Nevada, disburse state aid for education of the handicapped through the same equalization formula used to distribute funds for general education programs. A small number of states include funding for special education along with other categorical aid (O'Reilly, 1989). Table 23 illustrates the relationship between special education funding and funding for general education and other categorical programs for each state.

Table 24 illustrates the factors included in formulas used to finance special education in each state. Twenty-two states consider a school districts' wealth or fiscal capacity. Nine states include cost-of-living adjustments in special education funding formulas, and nine adjust for population growth. Six states cap or limit the number of students, and 21 states, including Nevada, cap or limit the total number of dollars spent. Eight states provided separate funding for extended school year programs for handicapped students.

A detailed discussion of the types of funding mechanisms employed by states to allocate money for special education is found on page 51, Item D of this section.

On the surface, Nevada's method for allocating funding for special education is rather simple. Every two years, the Legislature approves a specific number of special education units and the amount of funding that will be guaranteed per unit. The number of units is generally increased in relation to anticipated growth in total enrollment over the coming biennium. The amount per unit tends to increase for legislatively approved salary increases. The Department of Education allocates the units among the seventeen school districts based on projected need, and the number of regular special education units each district is authorized to receive over each of the next two fiscal years is listed in the school funding bill of that session. In addition, a number of discretionary units are reserved for the State Board of Education to allocate to eligible programs in school districts whose allotment of units is insufficient to cover its needs.

It is important to understand that Nevada's funding for special education program units is a guarantee, not a flat grant to a school district. Under Nevada's school

funding formula, a total basic support guarantee, which includes support for regular education programs and special education units, is developed for each school district. Local revenues are subtracted from the total basic support guarantee to determine the amount of state aid a school district will receive. The school district does not simply receive a check in an amount equal to the number of special education units allocated to the district times the dollar amount per unit. Indeed, a district with enormous local wealth, such as Eureka County School District, receives only about $14,000 in state aid even though it has 4 special education units and the amount per unit at the current time is $26,208.

The Nevada Plan, the method of financing elementary and secondary education in the state's public schools, may be somewhat confusing to those not familiar with the process. The steps taken to calculate the total basic support guarantee and state aid for Nevada school districts are outlined below.

To prepare a biennial budget for Nevada's public schools, estimated general fund expenditures for each of the 17 school districts are combined into a statewide budget for each year of the coming biennium. Other programs, such as adult high school diploma programs and a small number of state-funded special education units used for summer school, that are supported by state aid from the Distributive School Account but tracked separately in funds other than school districts' general funds are added to the estimated general fund expenditures to determine statewide estimated expenditures for public elementary and secondary education for each of the next two years. At this point, all estimated program costs, including special education costs, that are to be funded by state or local revenues are included in the budget. Federal categorical funds, such as funds received through Chapter 1 ESEA for disadvantaged or institutionalized youth and IDEA Plan B for handicapped pupils, would not be included in this budget.

Local districts' opening fund balances and local revenues considered "outside the formula" are deducted to derive a guaranteed level of funding, called the state guarantee. Local revenues "outside the formula" are not built into the state guarantee. Unlike revenues inside the formula, state aid is not reduced when revenues outside the formula exceed estimates. Conversely, when collections of revenues outside the formula fall short, the state does not make up the difference. Revenues outside the formula, which are considered when calculating each district's relative wealth, include 50 cents of the ad valorem tax on property; the share of motor vehicle privilege tax distributed to school districts, franchise tax; interest income; unrestricted federal revenue, such as revenue received under P.L. 81-874 in lieu of taxes for federally impacted areas; and other local revenues.

Next, the costs of programs which are not divided up among the school districts on the basis of total enrollment, such as the costs of adult high school diploma programs and special education program units, are subtracted to yield statewide basic support which is, in turn, divided by the estimated weighted enrollment for the year to determine the statewide average basic support per pupil for each fiscal year in the coming biennium.

The statewide average basic support per pupil is then multiplied by the statewide weighted enrollment to determine basic support. When the amounts previously deducted for adult diploma programs and special education program units are added back to basic support, total state responsibility or total basic support is derived. This amount is the total state guarantee for public elementary and secondary education, and it amounts to approximately 75 to 80 percent of school districts' general fund resources on a statewide basis. The guaranteed funding comes from state and local sources. State aid is received from the Distributive School Account and the local revenue component consists of the 2.25-percent Local School Support Tax (sales tax) and 25 cents of the ad valorem tax on property. Since this level of funding is guaranteed to schools, disbursements from the Distributive School Account to local school districts increase if revenue from the two local sources within the formula decrease, and to maintain the guaranteed level, state aid decreases if local revenue collections increase.

From the statewide average basic support per pupil, the Department of Education calculates a separate basic support per pupil figure for each school district using a formula that considers the demographic characteristics of the districts; allocates teachers, other certified staff and operating costs based upon elementary and secondary enrollment; includes 85 percent of per pupil transportation costs based on actual historical cost information adjusted for inflation; and includes a wealth adjustment based on each school district's ability to generate revenue outside the guaranteed funding. The wealth factor reflects the difference between revenue outside the formula per pupil in a particular district and the statewide average revenue per pupil.

The count of pupils for apportionment purposes is the number of children enrolled on the last day of the first school month in regular or special education programs, except each kindergarten pupil and handicapped and gifted and talented child under the age of five is counted as six-tenths of a pupil. In instances of declining enrollment, the previous year's enrollment is used. This weighted enrollment figure is multiplied by the basic support guarantee per pupil for the school district for that school year to determine the school district's basic support. Next, the number of special education units maintained and operated by the district that year is multiplied

by the amount per program unit established for that school year, and the product is added to basic support to obtain the school district's total basic support. This product is the amount of funding guaranteed to the school district from a combination of state and local funds.

Revenue received by the school district from the 2.25-percent Local School Support Tax and 25 cents of the property tax is deducted from the school district's total basic support to determine the amount of state aid the district will receive. If local revenues from these two sources are less than anticipated, state aid is increased to cover the total basic support guarantee. If these two local revenues come in higher than expected, state aid is reduced. The *difference* between total guaranteed support and local resources is state aid, and it is funded by the Distributive School Account.

The problem, according to school officials, is that the amount allowed per special education unit is not equal to the actual costs of a special education teacher's salaries and fringe benefits. What if the amount deducted from total estimated expenses and added back to total basic support were increased to fully fund each unit at the average cost of a special education teacher's salary and fringe benefits?

In fiscal year 1992-93's legislatively approved budget, estimated expenditures for all school districts totaled $970,336,883. Local opening fund balances ($30,346,740) and revenues outside the formula ($165,023,343) were deducted to determine the state guarantee of $774,966,800. Next, state funding levels for adult high school diploma programs ($8,666,581) and 1,475 special education units at $26,208 each ($38,656,800) were subtracted to obtain the total basic support of $727,643,419. When total basic support was divided by the weighted enrollment projected at that time of 219,713, a statewide average basic support per pupil of $3,312 was derived (See Scenario A on Table 25).

The average salary of a special education teacher in fiscal year 1992-93 is $33,896. If fringe benefits amount to about 27 percent of the salary, full funding for each unit would be $43,048. If the same number of units is used in this scenario (Scenario B on Table 25), total unit funding would amount to $63,495,800. When this new cost for special education is deducted from total expenditures minus local revenue and adult diploma programs, total basic support is lowered to $702,804,419 which, in turn, lowers statewide average basic support per pupil to $3,199. When the amounts for adult diploma programs and special education are added back in to determine total state guarantee, however, there is no change. The total state guarantee remains at $774,966,800.

What if the number of units is increased? If 1,600 units had been funded at $43,048 each, special education unit funding would have amounted to $68,876,800. Total basic support would have been reduced to $697,423,419 and the average basic support per pupil would have been decreased to $3,174, but the total state guarantee would have remained unchanged at $774,966,800 (Scenario C on Table 25).

The point of this exercise has been to show that simply increasing the dollar amount per unit or the number of units or both will not increase total funding available to Nevada schools unless other changes are made in the formula. By increasing the amount per unit and/or the number of units, a larger share of the same pot of money is earmarked for special education and the amount available for nonhandicapped students is reduced. This is because the budget is based on total estimated expenditures, which includes special education costs. The school districts have presumably included all anticipated costs, so if more is designated for special education, it follows that less is needed for regular education.

Some people might suggest that those who complain about the low dollar amount per unit or the number of units could easily be quieted by increasing the unit amounts and numbers to a desirable level, and since the total state guarantee will remain unchanged, it would not cost any additional money. On the other hand, some school districts might find that such a move would lock too much money up in special education; unit funding may not be spent on programs or services for the nonhandicapped.

Also, while many school officials express a desire for more money for special education, others say "special education kids get what it takes, other kids get what is left" (Knowles, 1992, p. 97). These educators are not as likely to view the problem as a shortage of funding for special education, as they are to see that shortages caused by the mandated, but not adequately funded, special education requirements have been manifested in other programs. These educators want additional funding to provide other services and programs that have taken a back seat to pressing federal mandates for special education. If more funding for special education were provided within the existing formula, more funds that are not currently earmarked for special education would be tied up. If the formula were changed so additional funding for special education actually released money now spent on special education for other types of programs, more would be available for programs such as art and music instruction, science laboratories, computer equipment, foreign language courses, vocational training, remedial education and English as a Second Language classes. Some district administrators expressed concern that a sudden release of funds currently spent on special education might be difficult to shelter from salary negotiations with employee groups.

This is not to say that special education is well funded. School districts list many needs for their special education programs, including additional psychologists; speech, physical and occupational therapists; more training; and expanded services in early childhood, transition and vocational areas.

Nevada's school districts are guaranteed basic support for each pupil, handicapped and nonhandicapped, as well as special education unit funding. In addition there are federal categorical funds for special education and those federal and local funds listed earlier as revenue outside the formula. The basic support per pupil and revenue outside the formula must fund additional costs of special education not covered by unit funding and the costs of participation by special education students in the regular education program.

The Department of Education has made a conscientious effort to calculate the shortfall between special education costs and available funding over the last few years. The shortfall for fiscal year 1990-91 was $23.8 million dollars (Nevada Department of Education, 1992); the previous fiscal year's shortfall was $19.5 million (Nevada Department of Education, 1991). The method used in each of these two years differs from previous "shortfall" calculations as the Department of Education attempted to develop a better way to represent the costs attributable to special education pupils and the revenues available to support those costs.

Table 26 reveals each district's shortfall in special education funding in fiscal year 1990-91, a total of $23.8 million statewide. To help each school district determine whether they had a shortfall in special education funding, the Department of Education developed a form to guide each school district's calculations. The Department's form for comparing revenues and expenditures for special education is found on Table 22, which contains the computations for the Carson City School District for fiscal year 1990-91. The Department designed this method of representing the resources and costs attributable to special education pupils in Nevada's school districts in response to requests for information on the true cost of special education.

Back in 1985, the Nevada State School Boards Association attempted to demonstrate the shortfall in special education funding by comparing revenue received for special education units with "Program 200" expenditures, which are costs of special programs, including special education.

The federally mandated accounting system used by school districts requires activities designed primarily for students with special needs to be coded to Program 200. The

following description of Program 200 expenditures comes from the accounting handbook issued to school districts, *Nevada Financial Accounting Handbook for Local Education Agencies* (1979), which is commonly called Handbook 2R:

> 200 Special Programs. Activities designed primarily to deal with students having special needs. The Special Programs include pre-kindergarten, kindergarten, elementary, and secondary services for the gifted and talented, mentally retarded, physically handicapped, emotionally disturbed, culturally different, students with learning disabilities, bilingual students, special programs for other types of students (Nevada Department of Education, 1979, p. III-7).

The category includes programs not generally considered as special education, such as programs for the gifted and talented (although gifted and talented pupils are counted as handicapped under Nevada law), culturally different, bilingual and "special programs for other types of students." Care must be taken in any analysis of special education costs in Nevada, that program costs for nonhandicapped students be deducted from Program 200.

On the other hand, many costs related to special education programs are not included in Program 200 expenditures: central administration; the time of school administrators, regular teachers, nurses and counselors; transportation; and any additional costs incurred by the regular education program as a result of the participation of special education students in the regular education program. Some of these expenditures are easier to track than others. For example, special education program costs that are easily tracked are the number of special education teachers, their salaries and fringe benefits, travel costs, special equipment and consultant fees. It is more difficult to break down the amount of supplies, general equipment, utilities, central office time or the time of regular classroom teachers, counselors, nurses or other support personnel into either regular or special education. Transportation costs for handicapped students are not usually tracked separately from other student transportation costs, yet the cost of transporting a handicapped pupil often greatly exceeds the cost of transporting a nonhandicapped child the same distance.

If a child needs transportation in order to benefit from special education, the service must be made available, and schools must supply specialized equipment if it is needed. If necessary, vehicles must have the capacity to haul wheelchairs and gurneys and be outfitted with hoists, ramps, hydraulic lifts and wheelchair tie-downs. To reduce the amount of time special education students spend in transit or loading and unloading, more and smaller buses might be purchased. Mike Alastuey, Associate Superintendent for Business and Finance Services, Clark County School

District, says that 40 percent of the buses in his district's fleet are used exclusively to transport handicapped students. For the most part, transportation of handicapped students is not included in Program 200 expenditures; it is reported under code 2700 - Student Transportation.

Also, as has been discussed above, revenue available for special education pupils is not limited to special education unit funding; each special education pupil is also guaranteed the same amount of basic support per pupil that is guaranteed for each child in the school district. In addition, federal funds for special education and handicapped pupils' share of other federal, state and local funds should be considered.

The Department's form attempts to calculate all revenue and expenses attributable to special education. Since school districts do not separately account for all special education costs, the Department has tried to represent those costs and the resulting shortfall in an accurate and simple way. Until all special education costs are separately tracked, such as in a special fund, estimates are all that will be available.

3. Local Funding

Local funds available for special education include the 2.25 percent Local School Support Tax and 25-cent portion of the ad valorem tax on local property which are generated locally but combine with state aid through the Distributive School Account to cover the total guarantee. All revenues to school districts outside of the formula are generally considered to be local funds even if the funds do not emanate from local sources, as in the case of federal funds received by school districts under P.L. 81-874 or forest reserve funds. Other local sources of revenue not included in a district's guarantee under the formula include: the other 50 cents of property tax designated for school operation, motor vehicle privilege tax, franchise tax, interest earned on investments and other local revenue.

Depending on an individual school district's local wealth, there may or may not be adequate local funding available to cover special education costs. Seventy-seven locally funded units were reported in fiscal year 1991-92: 72 in Clark County, one in Lander, one in Nye and three in Washoe. Local funds may, however, support related services that would not qualify as units. Local funds, and the services they provide, are not tracked separately in school districts' general funds.

B. Actual Costs of Providing Special Education Programs

Currently, school districts do not account for special education expenses separately from general education expenses. Although the costs of special programs for students with special needs are recorded as Program 200 expenditures in the school accounting system, many costs attributable to the special education program and related services for handicapped students are combined with the costs of regular education programs, as explained in detail in item A-2, State Funding, on page 39. School districts are not required to set up a separate fund for special education revenue and expenses and no Nevada school district does.

To accurately account for the cost of special education, school districts might be required to establish separate funds to track direct federal revenue for special education, state special education unit funding and transfers of school district general fund monies necessary to cover costs directly and exclusively associated with special education (instruction, ancillary services, transportation, and direct support). Although indirect costs, such as a prorata share of administrative expenses, would not be included, full or part-time administrators of special education programs would be reported in the special fund. Costs of mainstreamed instruction would be included with regular education in school districts' general funds.

Some special education advocates worry that creation of separate accounts and accurate tracking of special education costs would exacerbate the backlash against handicapped pupils from nonhandicapped students and their parents and regular classroom teachers. Others think the absence of data on actual expenses for special education in Nevada's school districts perpetuates confusion and misinformation regarding the true cost of such programs.

Since it is not possible to accurately determine the true cost of special education in Nevada, it might be useful to look at estimates made by experts regarding the average additional cost of providing special education programs and services. Citing numerous studies, Verstegen and Cox (1992) state that the total cost of special education is between 2 and 2.3 times the cost of regular education.

On the worksheets Nevada school districts completed on revenues and expenses attributable to special education students in fiscal year 1990-91, total general fund costs were reported at $125,446,834. Federal categorical funding received for special education by school districts that year was $5,932,586. This brings school districts' expenditures for 18,065 handicapped pupils to $131,379,420, which amounts to $7,273 per handicapped child. The average per pupil expenditure for fiscal year 1990-91, statewide, was $4,683 (Nevada Department of Education, April, 1992). The cost for a

handicapped child was, therefore, 1.55 times greater than the average per pupil expenditures. Remember that many expenses related to special education pupils are not reflected in the total costs of special education in Nevada's reports. Gloria Dopf, Director of Special Education, Nevada Department of Education, reports the average per pupil cost of special education is generally twice as expensive as the average cost per pupil for regular education programs.

C. Feasibility of Funding Special Education on the Basis of Class Size or Pupil-teacher Ratios

During the 1989 and 1991 Sessions, much attention was focused on reducing pupil-teacher ratios in Nevada's classrooms. Assembly Bill 964 (Chapter 864, *Statutes of Nevada, 1989*), the Class-size Reduction Act of 1989, provided for pupil-teacher ratios of 15 to 1 in first grades and selected kindergartens with pupils most at risk of failure, beginning in school year 1990-91. In the 1991 Session, Senate Bill 653 (Chapter 518, *Statutes of Nevada, 1991*) provided funding to continue those class-size reduction teachers hired for at-risk kindergartens and to attain pupil-teacher ratios of 16 to 1 in first and second grades in school year 1991-92 and first through third grade in 1992-93.

During the 1991 Session, as legislators focused their attention on the issue of class-size reduction, the Department of Education reported on the shortfall in special education funding and the notion that special education ought to be funded on the basis of a pupil teacher ratio was suggested.

The pupil-teacher ratio in special education at that time was approximately 14 to 1, if the total number of handicapped pupils was divided by the number of units. It was suggested that 10 to 1 might be a more desirable pupil-teacher ratio for special education, and the Department of Education and the Clark County School District both provided plans and estimates for taking the pupil-teacher ratio in special education down to 10 to 1.

Unlike class sizes in regular education programs, the Department of Education already had regulations in place limiting the caseloads or class sizes of special education teachers (See Table 16). These maximum limits functioned in much the same way as required pupil-teacher ratios for regular education programs. Since limits already existed, the questions the Legislature needed to ask were: (1) Was the Department of Education enforcing the maximum caseload and class size limits established by regulation?; (2) Were school districts abiding by the limits or were they overloading classes?; and (3) Were the caseloads and class sizes established by regulation reasonable compared to other states and appropriate for a particular

handicapping condition? If the Department monitored caseload and class size, what did they find? If Nevada school districts frequently exceeded the required maximums for caseloads or class sizes, more units might be justified. If the various caseloads and class sizes were higher than those found in other states or those recommended for particular handicapping conditions, the regulations might be amended to lower Nevada's caseloads or class sizes for one or more handicapping conditions.

The Department of Education reported that caseloads and class sizes are carefully monitored and instances in which a school district might exceed the maximum caseload or class size required by regulation were, until recently, extremely rare. A review conducted by the Department of other state's caseloads and class sizes showed Nevada's limits to be at or below other states. According to the Department of Education, inadequate funding, rather than overcrowded special education classes or higher than allowable caseloads, was the major problem confronting special education in the state.

The notion of providing special education funding on the basis of pupil-teacher ratios as a way of infusing additional funding into the program surfaced. Both the Department of Education and the Clark County School District worked up proposals to fund special education on the basis of a selected pupil-teacher ratio rather than an actual number of program units. The Department offered an array of plans that would have gradually reduced the number of pupils per teacher to 10 to 1 by 1995. The Clark County School District prepared alternatives which provided full funding for the average salary and fringe benefits of a special education teacher and pupil-teacher ratios of either 12:1, 11:1, 10;1 or 9:1. The cost of full funding at a 10:1 ratio was approximately $72 million a year.

The Senate Finance Committee did not adopt any of the alternatives, but passed Senate Concurrent Resolution 68 to study over the interim the feasibility of funding special education on the basis of class size or pupil-teacher ratios and other issues concerning funding for handicapped education.

The Department of Education verified that until recently school districts rarely exceeded caseload and class size limits for special education and the Department still finds the limits for each handicapping condition appropriate. The existence of regulated caseloads and class sizes for special education, as long as the maximums are low, is similar to the required pupil teacher ratios established by the Class-size Reduction Act (Chapter 864, *Statutes of Nevada, 1989*). Except for the gifted and talented, which have a 20:1 pupil-teacher ratio, the ratios set by regulation for handicapped students (NAC 388.150) are well below the 15:1 pupil-teacher ratio for primary grades established by the Class-size Reduction Act.

Class-size in special education programs may be increased by up to four students if the classroom has a teacher's aide. Even with this provision, the class-sizes of special education programs are less than or equal to class-sizes for first and second grades. Special education teachers with assigned caseloads, however, are responsible for a greater number of pupils than special education teachers with an assigned class size. The Department points out that, rather than an assigned class size, the majority of special education teachers are working with an assigned caseload of mainstreamed handicapped pupils, which greatly increases the number of pupils for which the special education teacher is responsible.

If the problem is not the number of handicapped pupils assigned to a unit, the only reason to tie funding to a reduced pupil-teacher ratio would be a desire to infuse additional funding into the program. To increase funding on the basis of a reduced pupil-teacher ratio without lowering the maximum caseload and class sizes stipulated in special education regulations, would result in more funding but less accountability for how the funds are spent. Unless units are fully funded, school districts are not likely to dramatically reduce the pupil-teacher ratio in special education below levels established by regulation.

Under the current unit method of funding, each special education program unit must include the full-time services of a licensed professional providing services to an identifiable list of eligible handicapped pupils. As mentioned earlier in this report, a program does not qualify for unit funding in Nevada unless it contains a properly licensed professional providing instruction to an assigned caseload or class. If this strict accounting for the use of state-guaranteed units were eased, more "units" might be created to cover services provided by psychologists, nurses, occupational therapists and physical therapists. Such positions are currently not eligible for state special education unit funding and are often supported by federal funds.

Assuming school districts do not have excessive waiting lists, any attempt to provide a significant number of new units would have to be tied to either reductions in the maximum caseloads and class-sizes allowable under regulations or to an expanded definition of the services which constitute a program unit. To simply increase funding on the basis of a lower pupil-teacher ratio without actually requiring school districts to demonstrate that ratio has indeed been reduced would eliminate the accountability that currently exists in Nevada's special education funding mechanism.

A sufficient number of units should be provided to school districts each year to accommodate growth in the number of handicapped pupils. Table 27 compares the percentage increase in handicapped enrollment from year to year with increases in

the number of state-guaranteed special education program units. In the last two school years, handicapped enrollment has increased a greater percentage than the number of units. In school year 1991-92, school districts provided 77 locally funded units.

Since the total number of units is established by the Legislature for the coming biennium, the number of units is not responsive to growth if actual growth differs from estimates. If fewer special education students are added than the Legislature estimated, extra units are available for reallocation by the State Board; however, there is no relief available if the number of handicapped students exceeds the estimates upon which the total number of units for the biennium were based.

Local school districts are interested in developing a better way of distributing special education units rather than the current method which is based on an incremental increase over the prior year's units. One suggestion is to increase the pool of discretionary units which the State Board of Education allocates. Another suggestion is to allocate units on the basis of a count of handicapped pupils at the end of the school year rather than the December 1 count date.

D. Methods Used by Other States to Fund Special Education

All states provide funding for special education programs. Separate mechanisms are often used to distribute funds for students educated in out-of-district placements, and state formulas for financing special education may have separate provisions for residential care, special education transportation, catastrophic costs and extended school year programs (O'Reilly, 1989). Each state's formula is individualized to the state's needs, but all of the various funding mechanisms may be classified by common characteristics. Table 23 shows that special education funds in some states, including Nevada, are distributed through the same equalization formula used to distribute resources for general education programs. The factors used in state formulas for special education funding are displayed on Table 24.

O'Reilly (1989) classified each state's formula for distributing special education funds to local school districts on the basis of five commonly used formula types developed in 1982 by Moore, Walker and Holland.

> Under a ***flat grant per teacher or classroom unit***, the State provides to each district a fixed amount of money for each special education teacher employed or for each classroom unit needed. Regulations typically define pupil-teacher ratios or class size and caseload standards, either by handicapping condition or by type of program (e.g., resource room).

A ***percentage or excess cost formula*** reimburses districts for a percentage of the costs of educating children with handicaps. Reimbursement may be provided for a percentage of the full costs or for the costs which are above the average per pupil costs for general education programs. Reimbursable costs usually must be in approved categories and cost ceilings.

Formulas classified as ***percentage of teacher/personnel salaries*** provide districts with a percentage of the salaries of special education teachers and/or other special education personnel. The percentage may vary by personnel type. For example, the salaries of certified teachers may be reimbursed at a rate of 70% while salaries for aides may be reimbursed at a rate of only 30%. Pupil-teacher ratios are typical of this formula type and minimum State salary schedules are often included as well.

Weighted pupil formulas pay districts a multiple of average per pupil costs or other base rate, depending on each student's handicapping condition and/or program. This type of formula may include other categorical programs in addition to special education (e.g., bilingual or compensatory education) and may also provide funding for general education programs, although some states choose to weight only categorical programs.

Under a ***weighted teacher/classroom unit*** formula the State pays districts an amount based on a multiple of allowable teachers or classroom units. Weights may vary by handicapping condition and/or program, and the units may be constrained by pupil-staff ratios. For example, the State may fund one staff unit for every five students with severe handicaps and one staff unit for each 45 students who are speech impaired (O'Reilly, 1989, pp. 11-12).

The formulas used by the states to distribute special education funding in fiscal year 1988-89 have been grouped by O'Reilly according to the above categories on Table 28. The pupil weighting system, used by 17 states, is the most frequently used formula. Fourteen states use percentage or excess cost formulas, and 11, including Nevada, use flat grant per teacher or classroom unit.

O'Reilly reports, "...in general, there appears to be an increase in the use of excess cost formulas and pupil weighting schemes, with a concomitant decrease in the use of resource-based formulas (1989, p. 13)." Although funding schemes may, on the

surface, appear to be nothing more than mechanisms for moving dollars from one level of government to another, the type of formula chosen may have a profound effect on the special education program.

> ...State special education funding programs have the capacity, inadvertently or intentionally, to influence programs at the local level as they can affect the number and type of children served as handicapped, the type of programs and services provided by local school districts, the duration of time students spend in special education programs, the placement of students in various programs, and class size and caseloads. Administrative processes such as recordkeeping and reporting burden, as well as program and fiscal planning can also be impacted by the funding formula. Moreover, funding mechanisms can be used to support State priorities and initiatives by, for example, earmarking funds for specific activities, establishing service priorities, providing incentives to develop specific types of programs, or instituting disincentives to discourage agencies from serving students in particular placements. The extent to which a formula may impact local district practice must be evaluated by State policymakers (O'Reilly, 1989, pp. 13-14.)

O'Reilly classifies Nevada as one of the states using **flat grants per teacher or classroom unit**. The major advantages of flat grants per student, classroom or teacher are simplicity and ease of administration. Since flat grants do not require that students be labelled by a specific handicapping condition, there is no incentive for schools to misclassify handicapped pupils. Flat grants may encourage schools to overclassify pupils as handicapped since more money is received as more pupils are identified. Flat grants may also encourage the use of low cost placements. Differences in the fiscal capacity of school districts or in actual costs are not recognized by flat grants.

Resource-based formulas, such as those that provide a percentage of teacher or personnel salaries or an amount based upon a multiple of allowable teachers or classroom units, are not based on a number of pupils and, therefore, provide little incentive for overclassification of students. Nor is misclassification likely. There is an incentive to maximize class size, so these formulas often have maximum limits on class size or pupil-teacher ratios.

> A resource-based formula can be problematic for small school districts and low incidence programs that may have difficulty generating a sufficient number of students to constitute a fundable unit. In such cases, districts are at a distinct disadvantage if they cannot generate

> enough funds to support their programs. While this may serve as an incentive to serve students in the regular classroom, the lack of funds may also result in inadequate or inappropriate programming. In addition, funds may not necessarily be provided for supplies, equipment, transportation and support personnel under a resource-based funding program (O'Reilly, 1989, p. 15).

Resource-based formulas are easy to administer and monitoring is fairly simple, but funds allocated to districts are not directly related to actual costs or a district's ability to pay.

Weighted pupil formulas are intended to provide additional funding beyond that provided for nonhandicapped students to compensate schools for the excess costs of educating the handicapped. Most states that use a pupil weighting scheme, emphasize the disabling condition. Several give consideration to type of service delivery while some consider the handicapping condition and its severity and the services delivered.

> The amount of money afforded each pupil in a regular school program determines the base funding amount, which is given a weight of 1.00. The base amount is then adjusted by an additional differential or "weight" that typically varies across special education programs according to disability, instructional service arrangements, or both. This translates into more dollars spent on the special needs students, such that a weight of 1.5 provides 50% more funding for an exceptional student than is spent on a student in the regular education program. Designated weighting units theoretically reflect the service cost ratio of furnishing a basic special education program to that of providing a basic regular education program (Verstegen & Cox, 1992, p. 145).

O'Reilly (1989) cautions that the determination of weights could be difficult if accurate cost data is not available. Also, differentiated weights based on the handicapping condition can provide an incentive for schools to misclassify students into those categories of handicaps that receive a heavier weighting (higher reimbursements) or place them in the least expensive settings. Differentiated weights based upon the method of service delivery might be used to encourage certain placements, such as placement in the least restrictive setting, and discourage placements in other settings. If a school loses money in one setting, it will be less likely to use it repeatedly. O'Reilly suggests the potential for misclassifying students might be controlled by "caps or limitations for reimbursement purposes on the

number of students within categories, or requirements to spend funds only on students who generate the dollars" (p. 15).

Verstegen (1992) describes weighting schemes used by some states that vary by intensity of service but do not label students or predefine the type of service delivery. Service intensity is designated by levels, such as 1 through 4, with the needs and costs increasing with each higher level.

> Utah combines these components into a matrix, providing consideration of both the severity of the exceptionality and the servicing arrangement; Massachusetts provides "prototypes" that base assistance on "time out" of the regular classroom setting. In essence, these states attempt to provide for student needs through designated levels of servicing requirements without prespecification (Verstegen & Cox, 1992, p. 158).

With formulas based on pupil weighting, accounting is at the student level and can become burdensome, especially if the formula requires an accounting of each student's time.

Cost-based formulas include percentage and excess cost mechanisms that reimburse school districts for all or part of the costs of special education. While these types of formulas are least likely to result in misclassification of students, there is an incentive to overclassify students since school districts are generally reimbursed regardless of the number of programs implemented or the amount spent. Costs are often controlled through the use of ceilings or specification of allowable costs. Reporting under these formulas may be burdensome and detailed cost accounting is required.

The formula selected by a state to distribute funding for special education has a significant impact on a state's special education program. "Incentives and disincentives inherent in a particular type of formula can be controlled to some extent by the introduction of regulations or other provisions" (O'Reilly, 1989, p. 16). Verstegen & Cox (1992) state that the formula itself does not necessarily determine the amount of money to be provided, and it is the level of funding that drives program and policy decisions.

In 1982, Moore, Walker and Holland (cited in O'Reilly, 1989) developed 12 criteria against which state formulas for funding special education should be measured:

1. **Compatibility with other State funding policies and practices.** Methods which do not differ significantly from existing State approaches are likely to receive the greatest acceptance. Also,

formulas which fund different programs in a similar manner can provide a comprehensive system of education funding within a State. Pupil weighting or personnel and classroom unit formulas that are used to distribute resources for all education programs (e.g., general education, special education, vocational education, etc.) meet this criterion.

2. **Rationality and simplicity.** The funding formula should be easy to understand and should present logical and direct relationships among the key policy elements, such as the numbers of children with handicaps, personnel required, or actual costs of programs. Complex formulas which include multiple factors can render the decision-making process less efficient.

3. **Ease of modification.** Funding formulas should self-adjust or be easily adjusted to accommodate changed rates of inflation or additional cost information. Formulas which are based on costs adjust for cost increases or inflation automatically. Pupil weighting formulas can also be adjusted easily by using a base rate that changes annually with the rate of inflation. However, the availability of new cost information may result in changes to the cost factors included in pupil weighting schemes and may require reworking the entire formula as such information becomes available.

4. **Influence on student classification.** To some extent all of the funding formulas have the potential to result in the overclassification of students although flat grant and weighted pupil formulas are most likely to result in overclassification because they rely on a count of students. Some formulas may also encourage the misclassification of students if the State reimburses proportionately more for some categories of students than others. Pupil weighting schemes are the most likely to result in misclassification while cost based formulas provide no incentive to misclassify students. Policymakers should try to avoid incentives which might influence classification on other than student characteristics.

5. **Reinforcement of least restrictive placement.** Some funding formulas may appear to reward placements in more restrictive

settings by providing a high reimbursement rate. Funding should be a neutral factor in deciding a child's placement.

6. **Avoidance of categorical labels.** Many funding formulas rely on the use of categorical labels for the distribution of resources to school districts. Funding formulas which utilize placement or service configurations reduce the need to label children for non-educational purposes.

7. **Accommodation of varying student needs across districts.** Policymakers may want the funding system to address the fact that districts vary in the number and characteristics of students requiring special education.

8. **Accommodation of cost variations.** Various factors may result in cost differences among districts within a State (e.g., economies of scale, price variations). If desirable, these differences can be accommodated in the funding formula by including, for example, a cost-of-living index.

9. **Adjustments for fiscal capacity.** Most States do not support the total costs of special education, sometimes requiring local districts to fund a large proportion of special education programs. Differences among districts in their ability to support education can prove a source of inequity. Some argue that failure to equalize special education funding can result in revenues falling short of meeting the necessary levels of expenditures and may lead to encroachment of funds distributed for general education programs.

10. **Funding predictability.** The ability to predict appropriate levels of resources promotes effective planning and stability at both the State and local level. Formulas that accommodate variability in the required level of resources are favored by districts because they ensure local budget predictability. At the State level, however, policymakers prefer to minimize annual variations in State fiscal obligations. Moore, Walker and Holland note that purely cost-based formulas probably offer the greatest predictability for districts and the least for States.

11. **Containment of special education costs.** Funding formulas can encourage efficiently operated programs, particularly if some of the

cost burden is placed on local districts. The addition of factors such as cost ceilings can also assist in controlling escalating costs. Cost-based formulas are the least likely to promote cost containment.

12. **Minimized reports, recordkeeping and State administration.** Some amount of recordkeeping, monitoring, and reporting is required for all funding formulas, but some types require more than others. For State and local agencies, cost-based formulas have the heaviest recordkeeping burden as they typically require line-item accounting and reporting (O'Reilly, 1989, pp. 17-19).

Since no formula for funding special education is perfect, trade offs must be made. "State policymakers must determine the areas that are most important in their State, articulate the goals of their State funding program and develop appropriate policies which will meet State goals. As State goals change, the funding system may also require change (O'Reilly, 1989, p. 19).

To try to contain costs of special education, to move away from "labeling" handicapped students and to improve integration of the handicapped into regular classrooms, Vermont began distributing special education block grants based on each district's total enrollment rather than the number of special education students.

According to one of the state legislators that initiated the reform "There was a feeling that the old formula provided an incentive for school districts to count more special-education students" (Viadero, 1990, p. 14). The percentage of handicapped students varied from 5 percent in some districts to 20 percent in others, which was viewed as evidence of possible overidentification of students. Under the new law, a penalty for overidentification was established; districts that have identified more than 20 percent of their students as needing special education will undergo an audit by the state department of education and might lose as much as half their special education block grants if they fail to reduce the number of special education students.

Vermont districts that have fewer special education students than the state average are required to use the extra special education funding for remedial programs and programs to help students stay in the regular classroom.

Recently, Vermont reported the change in the state's funding formula for special education led to big reductions in the number of students identified as handicapped (Viadero, 1993, p. 10).

E. Programs for the Gifted and Talented

Programs for the gifted and talented usually aim to serve students at or above the 98th percentile, the top 2 percent of students.

Among Nevada's programs for gifted and talented students, the "pull-out" program of instruction is the model most commonly used. A caseload of 65 gifted and talented students is the maximum caseload allowable under Nevada regulations (NAC 388.150), and the maximum class size is 20, although an increase of 4 students is permissible with a teacher's aide.

Because programs for gifted and talented students in Nevada utilize the same special education unit funding provided for handicapped pupils, programs for the gifted and talented are largely administered by the Special Education Branch of the Department of Education. A federally funded coordinator of gifted and talented programs, working out of the Department's Basic Education Branch, handled gifted and talented programs for almost two years, from January 1990 to October 1991, but the position was abolished during the budget cuts of the 1991-93 biennium and responsibility for these programs was returned to the Special Education Branch.

The number of state-funded special education units utilized by Nevada school districts to provide programs for the gifted and talented was 77 in the 1991-92 school year. This would appear to indicate Nevada is already serving approximately 2 percent of the student population, except programs in secondary schools are scarce. Nevada is, therefore, either serving a higher percentage of elementary students than 2 percent or the unit teachers are not assigned a maximum caseload of 65 students.

The Department of Education's Research Bulletin reports 4.6 percent of students are enrolled in programs for the gifted and talented in FY 92-93, which is up from 3.6 percent in FY 90-91. The number of units used for the gifted and talented has been slowly dropping each year as school districts shift unit funding away from optional programs for the gifted and talented to provide mandated services for the handicapped. Districts provided 8 gifted and talented units with local revenues in 1991-92 and 77 from state funds.

In school year 1992-93, 41 percent of total enrollment is enrolled at the secondary level. Forty-one percent of the suggested gifted and talented units needed to served the top 2 percent of enrollment would mean 29.5 units in FY 93-94 and 31 in FY 94-95 should be designated for secondary level students. As Table 29 indicates, only Lincoln, Lyon and Washoe Counties were using special education units for gifted and talented students at the secondary level in FY 90-91, and Washoe was only serving 68

high school students, which equated to 0.7 percent of that county's high school enrollment that year. Programs for gifted and talented high school students are rare in Nevada.

The Governor's Institute for the Gifted and Talented provided an intensive week-long summer program for gifted high school students, but that program was eliminated in 1992 due to budget reductions. One institute was held at the University of Nevada, Reno, and another was held at the University of Nevada, Las Vegas, and approximately 60 students participated each summer.

State-level coordination and leadership for programs for the gifted and talented suffered under the budget cuts of the 1991-93. The summer institutes and the Odyssey of the Mind competition, a problem-solving contest for students in grades 3 through 12, were coordinated by the Department of Education's employee assigned to work with programs for the gifted and talented. Since that position was vacated in October of 1991 and subsequently abolished, some responsibilities for programs for the gifted and talented have fallen on the Department's Director of Elementary and Secondary Education, while the Director of Special Education oversees the use of state-funded special education unit funding for the gifted and talented. Since the Governor is not recommending the gifted and talented education coordinator's position be restored during the 1993 Session, statewide leadership for this special population is not expected to flourish during the 1993-95 biennium.

V. FINDINGS

1. Nevada's unit method of funding special education has been questioned from time to time, but has been retained as the preferred method for supporting special education programs largely because of its accountability.

2. Unless a special education program contains a properly licensed professional providing instruction to an assigned caseload or class, it does not qualify as a special education unit in Nevada. The unit must have operated the full school days of at least nine of the school months within a school year.

3. In each session since 1973, when special education units were first used to fund special education in Nevada, the number of units and the amount per unit have increased, but the increase in funding has generally fallen short of what was needed to cover the average salary and fringe benefits of a special education teacher.

4. The average salary of a special education teacher was $33,377 in fiscal year 1991-92 and $33,896 in fiscal year 1992-93.

5. The Department of Education does not systematically track the average amount paid for a teacher's fringe benefits.

6. Nevada's count of handicapped children, ages 3 through 21, enrolled in public schools as of December 1, 1991, was 19,957. The number was 22,402 on December 1, 1992, which is a 12.3 percent increase. Total enrollment grew only 5.3 percent over the same period.

7. Federal requirements dictate that a count of all handicapped children enrolled in public schools be taken on December 1 of each year, but a count of each state's total enrollment is not also requested. Instead, estimates of enrollment from the National Center of Education Statistics (NCES) and of school-age population from the U.S. Bureau of the Census are used by the federal government to calculate the prevalence of handicapping conditions across the nation for various age groups of children and youth.

8. Nevada state law requires total enrollment to be counted at the end of September on the last day of the first school month, but no count of handicapped youngsters is required to be taken at that time. The percentage of handicapped students in Nevada, therefore, is not expressed as an exact

percentage of the state's total enrollment; the percentage reported by the federal government for Nevada is used instead. A count of both the number of handicapped and the total enrollment taken either on December 1, as required by federal law, or late in the school year might be used to formulate a more accurate percentage.

9. Nationwide, the handicapped make up 9.82 percent of total enrollment, while Nevada's percentage is 7.95 (U.S. Dept. of Education, 1991, p. A-50). The reason Nevada's special education enrollment is consistently lower than the nationwide average has never been adequately explained. Further study of this issue is needed.

10. There are tremendous differences between Nevada's 17 school districts in the percentage of enrollment served in special education programs. The percentage ranges from 8.5 in Clark to 16.9 in Esmeralda, while the statewide average is 9.4 percent.

11. Most of Nevada's special education students (55.4 percent) are categorized as "learning disabled." The next largest category is the speech and language impaired with 22.2 percent of the handicapped pupils. These statistics are interesting because students with learning disabilities and speech handicaps are ordinarily mainstreamed in the regular classroom, and special education is provided for only a part of their school day.

12. Thirty-four percent of Nevada's special education students spend 80 percent or more of the school day in their regular classrooms, while another 44.5 percent are in their regular classrooms between 40 and 80 percent of the day.

13. Nevada is more apt to educate its handicapped pupils in the regular classroom or a resource room at school than in separate schools or separate classes. The majority (44.5 percent) of Nevada's special education students are educated in resources rooms, while 34 percent are served within their regular classrooms. Nationwide, 37.3 percent of handicapped children are in resource rooms and 31.3 percent are in regular classrooms (See Table 6).

14. Psychologists, nurses, occupational therapists and physical therapists provide related services to handicapped students but such positions are not eligible for state special education unit funding. While these ancillary personnel are often supported by federal funding for special education, they are not counted as federally funded units, either. Unless a program contains a properly licensed

professional providing instruction to an assigned caseload or class, it does not qualify as a special education unit in Nevada.

15. Nevada school districts are guaranteed basic support for each child, including those enrolled in special education. For school year 1992-93, the legislatively approved statewide average amount of basic support is $3,312 per pupil.

16. The amount of state funding provided for each special education unit maintained and operated for at least nine months of a school year is established by law. In fiscal year 1992-93, that amount is $26,208.

17. In fiscal year 1991-92, there were approximately 1,480 special education units in Nevada: 1,389 state-guaranteed units, 14 federally funded units and 77 documented units supported by local funds.

18. When an appropriate special education program is not available within a handicapped student's home school district, Chapter 395 of NRS provides that the state pay educational, residential and transportation costs of a handicapped student placed in a program outside of his home school district. These placements may be made in out-of-state facilities or in-state in other school districts or in non-school facilities. Once the Superintendent of Public Instruction has determined that the local school district has prepared an appropriate IEP for the child and is unable to provide an appropriate educational program, he makes an appropriate placement, except in cases where the child is suffering from an emotional illness, a traumatic brain injury or autism. In those cases the child is referred to the Director of the Department of Human Resources, who makes the appropriate placement, with final approval by the Superintendent.

19. While the number of handicapped children placed outside of their home school districts, pursuant to Chapter 395, has not increased significantly in 18 years, the average cost per student increased 417 percent.

20. Within Nevada in school year 1991-92, the pupil-teacher ratio for special education would be 14.4 to one if the number of handicapped students (19,957) is divided by the total number of regular units (1,389) but only 13.5 if divided by the total number of state, federally and locally funded units (1,476.63). The type and severity of handicap causes great variations in this ratio in any individual teacher's class or caseload. Actual caseloads and class sizes are controlled by state regulations and, until recently, were seldom exceeded, according to state monitoring reports.

21. In its most recent review, which was conducted in December of 1991, the federal Office of Special Education Programs found that 10 of 72 IEPs examined had not been reviewed within the preceding 12 months. Thirteen of the 72 IEPs contained no annual goals, and 12 of 72 contained no short-term objectives for one or more areas of need. In 43 cases, objective criteria for measuring the student's progress were not found in the IEP. Monitoring teams discovered that in some districts, resource rooms were the only placement available and the resource room's hours of operation were limited, regardless of students' needs. School districts were also criticized for not providing extended school year (summer) programs to each child in need of such services, for not conducting initial evaluations within a reasonable period of time after a child is referred for testing and for failing to provide all services specified in each IEP. The State Department of Education has taken corrective steps required by the federal monitor.

22. Nevada school districts are also responsible for monitoring their own compliance with federal and state laws and regulations.

23. Fiscal support of public elementary and secondary education is a shared responsibility. In almost all states, public education is supported by a combination of federal, state and local revenues. In fiscal year 1986-87, state governments contributed 50.1 percent of $160.5 billion of total revenues for public education, local governments provided 43.7 percent and federal funds made up only 6.2 percent (Verstegen & Cox, 1992).

24. Over the last 16 years, the primary source of funding for public elementary and secondary education in Nevada has shifted back and forth between state and local resources as a result of changes in tax policy. Federal funding remains consistently at or below one percent, while Nevada's state and local revenues swap places some years but maintain a split of about 45 percent of one source to 55 percent of the other. In fiscal year 1992-93, Nevada's school district budgets attribute 57 percent of their revenue to local sources, 42.4 percent to state sources and one-half of one percent to the federal government.

25. Responsibility for funding special education is also shared between federal, state and local government. Of the estimated $17.4 billion expended nationwide during 1986-87 on education of the handicapped, state governments provided 56 percent of the resources, local government paid 36.5 percent and the federal government funded 7.5 percent (Verstegen & Cox, 1992).

26. According to the Nevada Department of Education, the percentages of federal and state funding decreased and the local share of funding available for educating handicapped pupils increased in fiscal year 1990-91. The state share was down to 50.8 percent, federal share down to 4.5 percent and the local share increased to 44.7 percent (See Table 21).

27. The largest amount of federal funding Nevada receives for special education programs is provided under P.L. 101-476, the Individuals with Disabilities Education Act (IDEA). These funds are distributed to the states each year based on the previous year's December 1 count of disabled students receiving special education and related services. In fiscal year 1991-92, Nevada received $399 per child for a total of $7.2 million. At least 75 percent of the funds must be passed through to local school districts based upon the number of disabled students served in each district.

28. When P.L. 94-142 was enacted in 1975, a timetable was established whereby the amount provided per pupil would gradually increase until it was sufficient to cover 40 percent of the average per pupil expenditure. Although the law authorized increases each year to reach the 40-percent mark, Congress has never appropriated more than 8 or 10 percent of the average per pupil expenditure. The goal of P.L. 94-142 was to provide 40 percent of the average cost of educating a pupil in this nation, not 40 percent of the cost of educating a ***handicapped*** child.

29. All states provide funding for special education programs, and state governments now provide over half of all resources for special education (O'Reilly, 1989).

30. The majority of states distribute special education funding through categorical aid. Most of the rest of the states, including Nevada, disburse state aid for education of the handicapped through the same equalization formula used to distribute funds for general education programs.

31. Nevada's funding for special education program units is a guarantee, not a flat grant to a school district. Under Nevada's school funding formula, a total basic support guarantee, which includes support for regular education programs and special education units, is developed for each school district. Local revenues are subtracted from the total basic support guarantee to determine the amount of state aid a school district will receive.

32. An increase in the dollar amount per unit or the number of units or both will not increase total funding available to Nevada schools unless other changes are made in the formula. By increasing the amount per unit and/or the number of units, a larger share of the same pot of money is earmarked for special education and the amount available for nonhandicapped students is reduced. This is because the budget is based on total estimated expenditures, which includes special education costs. The school districts have presumably included all anticipated costs, so if more is designated for special education, it follows that less is needed for regular education.

33. Also, while many school officials express a desire for more money for special education, others want additional funding to provide other services and programs that have taken a back seat to pressing federal mandates for special education. Some district administrators expressed concern that a sudden release of funds currently spent on special education might be difficult to shelter from salary negotiations with employee groups.

34. The shortfall between special education costs and available funding for fiscal year 1990-91 was $23.8 million dollars; the previous fiscal year's shortfall was $19.5 million. The method used in each of these two years differs from previous "shortfall" calculations as the Department of Education attempted to develop a better way to represent the costs attributable to special education pupils and the revenues available to support those costs.

35. Currently, school districts do not account for special education expenses separately from general education expenses. Although the costs of special programs for students with special needs are recorded as Program 200 expenditures in the school accounting system, many costs attributable to the special education program and related services for handicapped students are combined with the costs of regular education programs. School districts are not required to set up a separate fund for special education revenue and expenses and no Nevada school district does.

36. Some special education advocates worry that creation of separate accounts and accurate tracking of special education costs would exacerbate the backlash against handicapped pupils from nonhandicapped students and their parents and regular classroom teachers. Others think the absence of data on actual expenses for special education in Nevada's school districts perpetuates confusion and misinformation regarding the true cost of such programs.

37. Special education is generally twice as expensive as the average cost per pupil for regular education programs.

38. Unlike class sizes in regular education programs, the Department of Education already had regulations in place limiting the caseloads or class sizes of special education teachers (See Table 16). These maximum limits functioned in much the same way as required pupil-teacher ratios for regular education programs.

39. The Department of Education verified that until recently school districts rarely exceeded caseload and class size limits for special education and the Department still finds the limits for each handicapping condition appropriate. The existence of regulated caseloads and class sizes for special education, as long as the maximums are low, is similar to the required pupil-teacher ratios established by the Class-size Reduction Act. Except for the gifted and talented, which have a 20:1 pupil-teacher ratio, the ratios set by regulation for handicapped students (NAC 388.150) are well below the 15:1 pupil-teacher ratio for primary grades established by the Class-size Reduction Act. Special education teachers with assigned caseloads, however, are responsible for a greater number of pupils than special education teachers with an assigned class size.

40. To increase funding on the basis of a reduced pupil-teacher ratio without lowering the maximum caseload and class sizes stipulated in special education regulations, would result in more funding but less accountability for how the special education funds are spent. Unless units are fully funded, school districts are not likely to dramatically reduce the pupil-teacher ratio in special education below levels established by regulation.

41. A special education program does not qualify for unit funding in Nevada unless it contains a properly licensed professional providing instruction to an assigned caseload or class. If this strict accounting for the use of state-guaranteed units were eased, more "units" might be created to cover services provided by psychologists, nurses, occupational therapists and physical therapists. Such positions are currently not eligible for state special education unit funding and are often supported by federal funds.

42. Since the total number of units is established by the Legislature for the coming biennium, the number of units is not responsive to growth if actual growth differs from estimates. If fewer special education students are added than the Legislature estimated, extra units are available for reallocation by the State Board; however, there is no relief available if the number of handicapped

students exceeds the estimates upon which the total number of units for the biennium were based.

43. Instead of basing each school district's share of units on an incremental increase over the prior year's units, the State Board of Education might be provided a larger number of discretionary units to allocate to districts with the greatest needs.

44. The most frequently used formula for distributing special education funding is a "pupil weighting" system, which is used by 17 states. Fourteen states use percentage or excess cost formulas, and 11, including Nevada, use a flat grant per teacher or classroom unit (O'Reilly, 1989).

45. The formula selected by a state to distribute funding for special education has a significant impact on a state's special education program. Special education funding formulas have the ability to influence the number and type of children served, the types of programs provided, the amount of time spent by students in special education programs, the placements made and caseloads and class sizes (O'Reilly, 1989).

46. The formula for providing special education funding itself does not necessarily determine the amount of money to be provided, but it is the level of funding that drives program and policy decisions (Verstegen & Cox, 1992).

47. Although no formula is perfect, special education funding formulas should:

    a. Be compatible with other state funding policies and practices;
    b. Be easy to understand and logical;
    c. Be easily adjusted for inflation or growth;
    d. Encourage placement in the least restrictive setting;
    e. Avoid categorical labels, misclassification and overclassification;
    f. Accommodate cost variations;
    g. Recognize differences in a school district's ability to pay;
    h. Provide a predictable level of funding;
    i. Help contain special education costs; and
    j. Minimize recordkeeping (O'Reilly, 1989).

48. To try to contain costs of special education, to move away from "labeling" handicapped students and to improve integration of the handicapped into regular classrooms, Vermont began distributing special education block grants based on each district's total enrollment rather than the number of special

education students. Vermont is currently reporting a reduction in the number of students identified as handicapped.

49. The Nevada Department of Education's Research Bulletin reports 4.6 percent of students are enrolled in programs for the gifted and talented in fiscal year 1992-93, which is up from 3.6 percent in 1990-91. The number of units used for the gifted and talented has been slowly dropping each year as school districts shift unit funding away from optional programs for the gifted and talented to provide mandated services for the handicapped. Districts provided 8 gifted and talented units with local revenues in 1991-92 and 77 from state funds.

50. Among Nevada's programs for gifted and talented students, the "pull-out" program of instruction is the model most commonly used. A caseload of 65 gifted and talented students is the maximum caseload allowable under Nevada regulations (NAC 388.150), and the maximum class size is 20, although an increase of 4 students is permissible with a teacher's aide.

GLOSSARY

Acronyms and Terms Frequently Used in Special Education:

Annual Review	Yearly review of a student's Individualized Educational Program and development of the IEP for the coming year.
At-risk	Children considered likely to have difficulties in school because of home circumstances, medical difficulties or other factors.
Autism	A developmental disability usually characterized by language disorders or no language, self-stimulating or self-injuring behaviors, and an inability to interact with others (Anderson et al., 1990, p. 212).
BD	Behavior disordered.
Buckley Amendment	Family Educational Rights and Privacy Act (FERPA) of 1974 gives parents and students over age 18 the right to see, correct and control access to school records.
Developmentally Delayed	An infant or child who is developing slower than normal in one or more areas of development.
Developmental Disability	"Any severe disability, mental and/or physical, which is present before an individual becomes eighteen years old, which substantially limits his activities, is likely to continue indefinitely, and requires life-long care, treatment, or other services. Examples of developmental disabilities include Down Syndrome, autism, and cerebral palsy" (Anderson et al., 1990, p. 214).
EAHCA or EHA	Education for All Handicapped Children Act (P.L. 94-142). Changed to Individuals with Disabilities Education Act (IDEA) by P.L. 101-476.

ED	Emotionally disturbed.
FAPE	Free, appropriate public education.
HCPA	Handicapped Children's Protection Act of 1986 (P.L. 99-372) authorized the award of attorney's fees to parents in successful cases.
IDEA	Individuals with Disabilities Education Act (P.L. 101-476) of 1990. New name for EHA and its subsequent amendments.
IFSP	Individualized Family Service Plan: "A written statement for each infant or toddler receiving early intervention services that includes goals for the child, goals for the family, and a transition plan for the child into services for children over age 2" (Anderson, et al., 1990, p. 216).
IEP	Individualized Educational Program: A written statement for each special education student describing his present level of performance, short-term objectives, annual goals, specific educational and related services to be provided, duration of services and an evaluation plan.
FERPA	Family Educational Rights and Privacy Act (Buckley amendment) related to confidentiality and access to students' educational records.
LD	Learning disabled.
LRE	Least restrictive environment.
Mainstreaming	The concept that handicapped students should be educated with nonhandicapped students as much as possible. The requirement that special education be provided in the least restrictive environment appropriate to an individual child's needs.

MR	Mentally retarded.
NEA	National Education Association.
Occupational Therapy	"Activities focusing on fine motor skills and perceptual abilities that assist in improving physical, social, psychological, and/or intellectual development; e.g., rolling a ball, finger painting" (Anderson et al., 1990, p. 218).
OCR	Office of Civil Rights within the Office of Special Education and Rehabilitative Services, U.S. Department of Education.
OSEP	Office of Special Education Programs within the Office of Special Education and Rehabilitative Services, U.S. Department of Education.
P.L. 94-142	Education for All Handicapped Children Act (EAHCA) of 1975.
P.L. 99-457	Education of the Handicapped Act Amendments of 1986. Mandated educational services for handicapped preschoolers and established early intervention program for handicapped infants and toddlers (Part H).
P.L. 101-476	Individuals with Disabilities Education Act (IDEA) of 1990.
Placement	The setting in which the handicapped child is to be educated. Includes related services and amount of time spent with nonhandicapped peers.
Related Services	Services a student must receive in order to benefit from special education, such as transportation, speech therapy, counseling and medical services provided by a licensed physician for diagnostic and evaluation purposes.

Residential Placement	Placement of a handicapped student in a setting that provides 24-hour care.
Resource Room	Setting in a school where the handicapped student receives instruction from a special education teacher for part of the school day.
Section 504	Portion of the Rehabilitation Act of 1973 prohibiting recipients of federal funds from discriminating on the basis of handicap.
Self-contained Classroom	Classroom in which handicapped students receive their entire instructional program.
Transition Services	A coordinated set of activities to facilitate transition into or out of school. P.L. 99-457 requires transition services to be included in the IFSPs of handicapped toddlers. IDEA (P.L. 101-476) requires transition plans to be incorporated into IEPs of disabled individuals age 16 or older.
Triennial Review	"Every three years, a student in special education has a completely new evaluation/assessment and determination of eligibility for continued special education services" (Anderson et al., 1990, p. 221).

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VII. CREDITS

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Robert J. Scott, Superintendent
Carson City School District

VIII. TABLES

Table 1

HISTORY OF SPECIAL EDUCATION UNITS IN NEVADA

Fiscal Year	Number of Units	Percent Increase	$ Amount per Unit	Percent Increase	Total Funding	Percent Increase	Number of * Discretionary Units in Total Units
1973–74	414		$14,500		$6,003,000		
1974–75	434	4.8%	$14,500	0.0%	$6,293,000	4.8%	
1975–76	506	16.6%	$16,000	10.3%	$8,096,000	28.7%	
1976–77	550	8.7%	$16,000	0.0%	$8,800,000	8.7%	
1977–78	600	9.1%	$17,600	10.0%	$10,560,000	20.0%	
1978–79	630	5.0%	$17,600	0.0%	$11,088,000	5.0%	
1979–80	690	9.5%	$18,000	2.3%	$12,420,000	12.0%	8
1980–81	730	5.8%	$18,000	0.0%	$13,140,000	5.8%	7
1981–82	805	10.3%	$19,500	8.3%	$15,697,500	19.5%	15
1982–83	855	6.2%	$19,500	0.0%	$16,672,500	6.2%	25
1983–84	885	3.5%	$20,500	5.1%	$18,142,500	8.8%	25
1984–85	945	6.8%	$21,500	4.9%	$20,317,500	12.0%	25
1985–86	985	4.2%	$22,575	5.0%	$22,236,375	9.4%	25
1986–87	1,015	3.0%	$23,700	5.0%	$24,055,500	8.2%	25
1987–88	1,075	5.9%	$24,000	1.3%	$25,800,000	7.3%	25
1988–89	1,115	3.7%	$24,000	0.0%	$26,760,000	3.7%	25
1989–90	1,196	7.3%	$25,200	5.0%	$30,139,200	12.6%	25
1990–91	1,305	9.1%	$25,200	0.0%	$32,886,000	9.1%	80
1991–92	1,389	6.4%	$25,956	3.0%	$36,052,884	9.6%	30
1992–93	1,475	6.2%	$26,208	1.0%	$38,656,800	7.2%	30
20–Year Increase:		256%		81%		544%	

Notes:

State guaranteed units only; does not include federally or locally funded units.

* Since 1979, the Legislature has set aside a number of special education units to be allocated by the State Board of Education among the local school districts based upon need.

** In fiscal year 1990–91, 55 discretionary units were designated to serve handicapped 3 and 4 year olds. P.L. 99–457 mandated school districts provide special education to handicapped 3 to 5 year olds, beginning in school year 1990–91.

Source of Data: Statutes of Nevada.

Table 2

COMPARISON OF TOTAL ENROLLMENT IN NEVADA SCHOOLS WITH NUMBER OF HANDICAPPED PUPILS

Fiscal Year	Total Enrollment	Percent Change	Handicapped Child Count	Percent Change	Handicapped as Percent of Total Enrollment
1976–77	141,791		8,980		6.3%
1977–78	143,781	1.4%	9,975	11.1%	6.9%
1978–79	146,281	1.7%	10,652	6.8%	7.3%
1979–80	147,734	1.0%	10,830	1.7%	7.3%
1980–81	149,508	1.2%	11,340	4.7%	7.6%
1981–82	151,369	1.2%	11,945	5.3%	7.9%
1982–83	151,104	–0.2%	12,707	6.4%	8.4%
1983–84	150,422	–0.5%	12,884	1.4%	8.6%
1984–85	151,633	0.8%	13,469	4.5%	8.9%
1985–86	154,948	2.2%	13,567	0.7%	8.8%
1986–87	161,239	4.1%	14,026	3.4%	8.7%
1987–88	168,353	4.4%	14,524	3.6%	8.6%
1988–89	176,474	4.8%	15,471	6.5%	8.8%
1989–90	186,834	5.9%	16,460	6.4%	8.8%
1990–91	201,316	7.8%	18,058	9.7%	9.0%
1991–92	211,810	5.2%	19,957	10.5%	9.4%
Change since 1976:		49.4%		122.2%	

Total enrollment counted on last day of first school month; handicapped enrollment counted on December 1 of each year.

Source of Data: Nevada Department of Education.

Table 3

COMPARISON OF AMOUNT PER SPECIAL EDUCATION UNIT WITH AVERAGE SALARY OF SPECIAL EDUCATION TEACHER IN NEVADA

Fiscal Year	Avg. Salary of Spec. Ed. Tchr.	$ Amount per Spec. Ed. Unit	Difference
1973–74	$11,240	$14,500	($3,260)
1974–75	$11,752	$14,500	($2,748)
1975–76	$11,993	$16,000	($4,007)
1976–77	$12,438	$16,000	($3,562)
1977–78	$13,359	$17,600	($4,241)
1978–79	$14,334	$17,600	($3,266)
1979–80	$15,154	$18,000	($2,846)
1980–81	$16,434	$18,000	($1,566)
1981–82	$18,734	$19,500	($766)
1982–83	$20,788	$19,500	$1,288
1983–84	$20,987	$20,500	$487
1984–85	$21,093	$21,500	($407)
1985–86	$24,047	$22,575	$1,472
1986–87	$25,426	$23,700	$1,726
1987–88	$26,153	$24,000	$2,153
1988–89	$27,610	$24,000	$3,610
1989–90	$29,153	$25,200	$3,953
1990–91	$31,405	$25,200	$6,205
1991–92	$33,001	$25,956	$7,045
1992–93	$33,896	$26,208	$7,688

Source of Average Salary Data: Nevada Department of Education.

Table 4

NEVADA SPECIAL EDUCATION ENROLLMENT BY PRIMARY HANDICAPPING CONDITION, AS OF DECEMBER 1, 1991
Ages 3–21

School District	Mentally	Aurally	Speech	Visually	Emotionally	Physically	Learning Disabled	Deaf–Blind	Multiple	Develop–mentally Delayed	TOTAL NUMBER HANDI–CAPPED	Handicapped as Percent of Total School Enrollment	Gifted & Talented	Gift/Talen as % of School En rollment
Carson	62	5	202	3	29	14	576	0	9	31	931	14.2%	273	4.2%
Churchill	16	6	49	2	56	7	259	0	6	35	436	11.7%	61	1.6%
Clark	856	159	2,450	71	639	310	5,682	2	148	623	10,940	8.5%	6,952	5.4%
Douglas	29	2	198	5	15	8	215	0	9	20	501	8.6%	152	2.6%
Elko	36	3	196	0	7	9	452	0	6	31	740	9.0%	108	1.3%
Esmeralda	1	1	5	0	0	1	17	0	0	0	25	16.9%	1	0.7%
Eureka	2	0	9	1	2	0	34	0	0	2	50	16.6%	0	0.0%
Humboldt	13	3	72	0	6	3	171	0	1	11	280	8.8%	1	0.0%
Lander	9	1	42	0	0	2	124	0	4	16	198	13.0%	0	0.0%
Lincoln	3	1	27	1	5	0	67	0	4	39	147	13.5%	0	0.0%
Lyon	30	9	124	2	37	11	331	0	5	18	567	13.1%	129	3.0%
Mineral	1	0	38	0	4	2	54	0	3	5	107	9.6%	0	0.0%
Nye	19	3	130	1	32	4	234	1	7	15	446	12.7%	1	0.0%
Pershing	4	0	28	0	4	0	70	0	1	10	117	14.2%	0	0.0%
Storey	2	1	10	0	6	0	29	0	0	1	49	11.6%	0	0.0%
Washoe	216	29	810	10	171	98	2,623	0	59	225	4,241	10.6%	1,196	3.0%
White Pine	4	1	34	1	11	3	118	0	5	5	182	10.6%	0	0.0%
Totals	1,303	224	4,424	97	1,024	472	11,056	3	267	1,087	19,957	9.4%	8,874	4.2%
% of Handicapped	6.5%	1.1%	22.2%	0.5%	5.1%	2.4%	55.4%	0.0%	1.3%	5.4%				

Source of Data: Department of Education, Research Bulletin, March 1993.

Table 5

PERCENTAGE OF CHILDREN AGE 6–17 SERVED UNDER IDEA PART B AND CHAPTER 1 ESEA
Based on Estimated Enrollment During School Year 1989–90

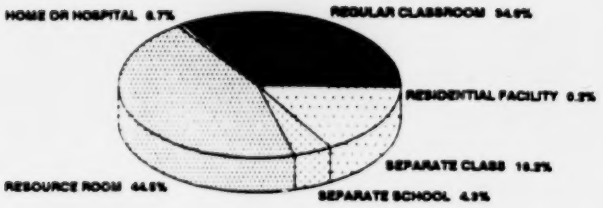
STATE	PERCENT SERVED	RANK	STATE	PERCENT SERVED	RANK
Alabama	11.39%	9	**NEVADA**	**7.95%**	**46**
Alaska	10.65%	16	New Hampshire	9.72%	29
Arizona	8.12%	45	New Jersey	14.15%	2
Arkansas	8.93%	39	New Mexico	10.50%	18
California	7.71%	47	New York	9.82%	28
Colorado	9.06%	37	North Carolina	9.68%	30
Connecticut	11.69%	7	South Carolina	9.15%	35
Delaware	11.74%	6	Ohio	10.10%	25
Dist of Columbia	5.80%	51	Oklahoma	9.89%	26
Florida	11.14%	12	Oregon	10.21%	23
Georgia	7.67%	48	Pennsylvania	10.99%	13
Hawaii	6.70%	50	Rhode Island	12.97%	3
Idaho	8.36%	44	South Carolina	10.69%	15
Illinois	12.02%	5	South Dakota	9.39%	31
Indiana	10.24%	22	Tennessee	10.57%	17
Iowa	10.37%	19	Texas	8.70%	41
Kansas	8.76%	40	Utah	9.05%	38
Kentucky	10.26%	21	Vermont	12.35%	4
Louisiana	7.62%	49	Virginia	9.29%	32
Maine	11.23%	11	Washington	8.38%	43
Maryland	10.94%	14	West Virginia	11.39%	8
Massachusetts	15.59%	1	Wisconsin	8.58%	42
Michigan	9.24%	33	Wyoming	9.21%	34
Minnesota	9.88%	27	**AVERAGE**	**9.82%**	
Mississippi	10.26%	20			
Missouri	11.33%	10			
Montana	9.12%	36			
Nebraska	10.14%	24			

Notes:

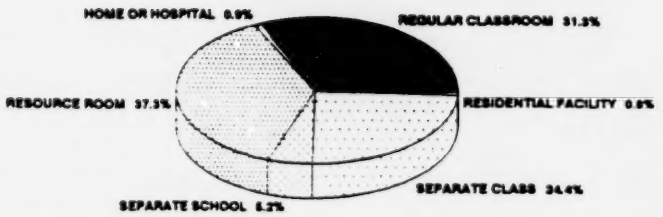
- Percentage of children served is based on 1989–90 enrollment counts from NCES, with and without disabilities, age 5 through 17. Source of data: U.S. Dept. of Education, 1991, Table AA25. Ranking done by LCB Fiscal Division.
- IDEA Part B: Individuals with Disabilities Education Act–P.L. 101–476 (formerly known as P.L. 94–142).
- Chapter 1 ESEA (SOP): Chapter 1 of the Elementary and Secondary Education Act which provides federal funds for the disabled in state–operated programs such as state hospitals and institutions.

Table 6

PERCENTAGE OF HANDICAPPED STUDENTS SERVED IN DIFFERENT EDUCATIONAL PLACEMENTS AGES 3-21



NEVADA
1991-92



UNITED STATES
1988-89

Sources: Nevada Department of Education, 1992
U.S. Dept. of Education, 1991, Table 1.A

Table 7

NEVADA SPECIAL EDUCATION CHILD COUNTS AND PROGRAM UNITS

Count Date: December 1 of...	Handicapped Child Count	# of Spec Educ Units*	Avg Pupils per Unit	Unit Support For Spec Ed	Unit $ per Sp Ed Child
1976	8,980	550	16.33	$8,800,000	$980
1977	9,975	600	16.63	$10,560,000	$1,059
1978	10,652	630	16.91	$11,088,000	$1,041
1979	10,830	690	15.70	$12,420,000	$1,147
1980	11,340	730	15.53	$13,140,000	$1,159
1981	11,945	805	14.84	$15,697,500	$1,314
1982	12,707	855	14.86	$16,672,500	$1,312
1983	12,884	885	14.56	$18,142,500	$1,408
1984	13,469	945	14.25	$20,317,500	$1,508
1985	13,567	985	13.77	$22,236,375	$1,639
1986	14,026	1,015	13.82	$24,055,500	$1,715
1987	14,524	1,075	13.51	$25,800,000	$1,776
1988	15,471	1,115	13.88	$26,760,000	$1,730
1989	16,460	1,196	13.76	$30,139,200	$1,831
1990	18,058	1,305	13.84	$32,886,000	$1,821
1991	19,957	1,389	14.37	$36,052,884	$1,807
1992	22,402	1,475	15.19	$38,656,800	$1,726

* Does not include federally or locally funded units.
Source of Data: Nevada Department of Education.
Calculations: LCB Fiscal Division.

Table 8

COMPARISON OF SPECIAL EDUCATION UNIT AMOUNT PER HANDICAPPED PUPIL WITH STATEWIDE AVERAGE BASIC SUPPORT PER PUPIL IN NEVADA

Fiscal Year	Special Ed Unit $ per Spec Ed Child*	Percent Change	Avg Statewide Basic Support for each child	Percent Change	Unit Amount as Percent of Basic Support
1976–77	$980		$918		1.07
1977–78	$1,059	8.0%	$1,035	12.7%	1.02
1978–79	$1,041	–1.7%	$1,159	12.0%	0.90
1979–80	$1,147	10.2%	$1,252	8.0%	0.92
1980–81	$1,159	1.0%	$1,328	6.1%	0.87
1981–82	$1,314	13.4%	$1,631	22.8%	0.81
1982–83	$1,312	–0.2%	$1,821	11.6%	0.72
1983–84	$1,408	7.3%	$1,885	3.5%	0.75
1984–85	$1,508	7.1%	$1,926	2.2%	0.78
1985–86	$1,639	8.7%	$2,201	14.3%	0.74
1986–87	$1,715	4.6%	$2,354	7.0%	0.73
1987–88	$1,776	3.6%	$2,518	7.0%	0.71
1988–89	$1,730	–2.6%	$2,655	5.4%	0.65
1989–90	$1,831	5.9%	$2,905	9.4%	0.63
1990–91	$1,821	–0.5%	$3,110	7.1%	0.59
1991–92	$1,807	–0.8%	$3,285	5.6%	0.55
Change since 1976:		84.3%		257.8%	

* Does not include federally or locally funded units.
Source of Data: Nevada Department of Education.
Calculations: LCB Fiscal Division.

Table 9

NEVADA

TOTAL SPECIAL EDUCATION UNITS (State, locally and federally funded)

1991 – 92 School Year

School District	Aurally	Visually	Physically	Speech	Mentally	Learning Disabled	Seriously Emotionally	Multiple	Resource*	Early Childhood	Extended Year	Gifted & Talented	TOTAL
Carson	1		2	8.5	1				37.5	2	1	2	55
Churchill	1			3	1	10	6	2		3			26
Clark	19	6	33	96	101	451	51	8	3	51	5	57	881
Douglas		0.5	1	4.5	1	22	2	1		4		3	39
Elko				6	2				33	2		2	45
Esmeralda									3				3
Eureka				0.5		3.5							4
Humboldt			1	2		15.5							18.5
Lander				1		6		3					10
Lincoln						9			1	2			12
Lyon				4	1		0.5		24	2		2	33.5
Mineral				1		9							10
Nye				2.7		20	1			2.3			26
Pershing				2		4			1				7
Storey				0.13					3				3.13
Washoe	5	3	15	38.76	33.74	141.06	17.91	5	2	15.9	2.5	11.63	291.5
Wht Pine				2		8		1		1			12
TOTALS	26	9.5	52	172.09	140.74	699.06	78.41	20	107.5	85.2	8.5	77.63	1476.63

* Some school districts report as "Resource" those units serving students identified as mild to moderately handicapped with various handicaps.

This table includes 30 discretionary units awarded by the State Board of Education and 3.37 unused units that were reallocated to other school districts based on eligible locally funded units.

Source of Data: Nevada Department of Education.

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Table 10

NEVADA
STATE-FUNDED SPECIAL EDUCATION UNITS
1991-92 School Year

School District	Aurally	Visually	Physically	Speech	Mentally	Learning Disabled	Seriously Emotionally	Multiple	Resource*	Early Childhood	Extended Year	Gifted & Talented	Reallocated Units**	State Board Discretion	TOTAL
Carson	1		2	8.5	1				34.5	1		2		4	54
Churchill	1			3	1	10	6	2		3					26
Clark	18	4	28	76	96	424	42	4		45		49	3.151	14	803.151
Douglas		0.5	1	4.5	1	21	2	1		4		3		1	39
Elko				6	2				33	2		2			45
Esmeralda									3						3
Eureka				0.5		3.5									4
Humboldt			1	2		15.5									18.5
Lander				1		6		3							10
Lincoln						8			1	2			0.044		11.044
Lyon				4					24	2		2		1.5	33.5
Mineral				1		9									10
Nye				2.7		18	1			2.3			0.044	1	25.044
Pershing				2		4			1						7
Storey				0.13					3						3.13
Washoe	5	2	14	37.76	33.74	140.17	13.8	4		13.9		11.63	0.131	8.5	284.631
Wht Pine				2		8		1		1					12
TOTALS	25	6.5	46	151.09	134.74	667.17	64.8	15	99.5	76.2	0	69.63	3.37	30	1389

* Some school districts report as "Resource" those units serving students identified as mild to moderately handicapped with various handicaps.

** The following school districts were unable to fill allocated units: Humboldt, 0.5; Storey, 0.87; and White Pine, 2. These 3.37 units were reallocated, based on the existence of eligible locally funded units, as follows: Clark, 3.151; Lincoln, 0.044; Nye, 0.044; and Washoe, 0.131.

Source of Data: Nevada Department of Education.

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Table 11

NEVADA
LOCALLY FUNDED SPECIAL EDUCATION UNITS
1991–92 School Year

School District	Aurally	Visually	Physically	Speech	Mentally	Learning Disabled	Seriously Emotionally	Multiple	Resource*	Early Childhood	Extended Year	Gifted & Talented	TOTAL
Carson													0
Churchill													0
Clark	1	2	4	15	4	22	8	2	3	3		8	72
Douglas													0
Elko													0
Esmeralda													0
Eureka													0
Humboldt													0
Lander													0
Lincoln						1							1
Lyon													0
Mineral													0
Nye						1							1
Pershing													0
Storey													0
Washoe								1	2				3
Wht Pine													0
TOTALS	1	2	4	15	4	24	8	3	5	3	0	8	77

* Some school districts report as "Resource" those units serving students identified as mild to moderately handicapped with various handicaps.

The following related services were also provided with local funds: Carson City, physical and occupational therapy; Clark County, program specialists, zone consultants and vocational counselors; and Washoe, physical therapy and program assistants.

Source of Data: Nevada Department of Education.

Table 12

NEVADA
FEDERALLY FUNDED SPECIAL EDUCATION UNITS
1991 – 92 School Year

School District	Aurally	Visually	Physically	Speech	Mentally	Learning Disabled	Seriously Emotionally	Multiple	Resource*	Early Childhood	Extended Year	TOTAL
Carson									1			1
Churchill												0
Clark				5		4						9
Douglas												0
Elko												0
Esmeralda												0
Eureka												0
Humboldt												0
Lander												0
Lincoln												0
Lyon												0
Mineral												0
Nye												0
Pershing												0
Storey												0
Washoe			1	1			2					4
Wht Pine												0
TOTALS	0	0	1	6	0	4	2	0	1	0	0	14

* Some school districts report as "Resource" those units serving students identified as mild to moderately handicapped with various handicaps. Clark County also supported school psychologists and nurses with federal funds, and Washoe supported occupational and physical therapy with federal funds.

Source of Data: Nevada Department of Education.

Table 13 PLACEMENT OF NEVADA'S SPECIAL EDUCATION STUDENTS FOR THE 1991 – 92 SCHOOL YEAR

HANDICAP	AGE	(A) Regular Class				(B) Resource Room				(C) Separate Class				(D) Public Separate School Facility			
		3 to 5	6 to 11	12 to 17	18 to 21	3 to 5	6 to 11	12 to 17	18 to 21	3 to 5	6 to 11	12 to 17	18 to 21	3 to 5	6 to 11	12 to 17	18 to 21
Mentally Handicapped	MR	1	12	2	5	5	118	138	11	4	302	257	71	19	142	126	85
Aurally Handicapped	HH	3	18	11	1	3	11	3	1	17	30	7	3	0	1	1	0
Aurally Handicapped - Deaf	DF	0	3	3	0	0	3	8	1	17	36	28	5	0	0	0	0
Speech Lang Handicapped	SL	531	3,415	233	5	3	5	3	1	11	146	36	3	9	3	2	1
Visually Handicapped	VH	0	10	8	0	0	4	1	1	9	33	27	3	0	0	0	0
Seriously Emotionally Handic	EH	2	36	78	6	0	186	306	20	0	140	190	7	0	7	13	5
Physically Handicapped/ Orthopedically Impaired	OI	20	50	39	4	2	94	89	9	4	13	3	1	4	3	0	1
Physically Handicapped/ Other Health Impaired	HI	1	10	4	1	0	7	3	2	6	3	2	1	0	0	0	0
Learning Disabled	LD	5	1,161	981	67	2	3,618	3,859	264	3	518	531	34	1	2	2	0
Deaf – Blind	DB	0	0	0	0	0	0	0	0	0	0	1	1	1	0	0	0
Multiple Handicapped	MH	1	2	0	0	3	32	13	4	4	27	21	2	13	58	49	30
Developmentally Delayed	DD	63				56				678				274			
TOTALS		627	4,717	1,359	89	74	4,078	4,423	314	753	1,248	1,103	131	321	216	193	122

HANDICAP	AGE	(E) Private Separate School Facility				(F) Public Residential Facility				(G) Private Residential Facility				(H) Homebound or Hospital					TOTALS
		3 to 5	6 to 11	12 to 17	18 to 21	3 to 5	6 to 11	12 to 17	18 to 21	3 to 5	6 to 11	12 to 17	18 to 21	3 to 5	6 to 11	12 to 17	18 to 21		
Mentally Handicapped	MR	0	0	1	0	0	0	0	0	0	0	0	0	0	1	1	2	MR	1,303
Aurally Handicapped	HH	4	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	HH	115
Aurally Handicapped - Deaf	DF	2	1	0	0	0	0	0	0	0	2	0	0	0	0	0	0	DF	109
Speech Lang Handicapped	SL	0	0	0	0	0	0	0	0	0	0	0	0	16	1	0	0	SL	4,424
Visually Handicapped	VH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	VH	97
Seriously Emotionally Handic	EH	0	0	0	0	0	1	15	0	1	2	3	0	0	1	5	0	EH	1,024
Physically Handicapped/ Orthopedically Impaired	OI	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	OI	337
Physically Handicapped/ Other Health Impaired	HI	0	0	0	0	0	0	3	0	0	0	0	0	2	21	64	5	HI	135
Learning Disabled	LD	0	0	0	0	0	0	1	0	0	0	1	0	0	1	5	0	LD	11,036
Deaf – Blind	DB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	DB	3
Multiple Handicapped	MH	0	0	0	0	0	0	0	0	0	1	2	0	1	2	1	1	MH	267
Developmentally Delayed	DD	0				0				0				16				DD	1,087
TOTALS		6	1	1	0	0	1	19	0	1	5	6	0	36	28	76	9		19,957

Source of Data: Nevada Department of Education

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Table 14

COST OF NEVADA'S OUT-OF-DISTRICT PLACEMENTS
per Chapter 395 of Nevada Revised Statutes

Fiscal Year	Number of Pupils	Average Cost per Pupil	Total Expenditures
1975-76	36	$5,752	$207,062
1976-77	36	$5,928	$213,414
1977-78	31	$7,933	$245,909
1978-79	37	$11,945	$441,960
1979-80	44	$14,659	$645,000
1980-81	35	$15,000	$525,000
1981-82	20	$23,855	$477,104
1982-83	17	$20,918	$355,613
1983-84	16	$19,340	$309,436
1984-85	14	$22,748	$318,468
1985-86	11	$21,525	$236,772
1986-87	23	$17,685	$406,760
1987-88	29	$16,771	$486,373
1988-89	39	$18,031	$703,225
1989-90	32	$35,292	$1,129,338
1990-91	34	$27,894	$948,388
1991-92	36	$23,991	$863,681
Change in 16 years:		417.1%	417.1%

Source of Data: Nevada Department of Education.

COST OF OUT-OF-DISTRICT PLACEMENTS IN FISCAL YEARS 1991-92 AND 1992-93
per Chapter 395 of Nevada Revised Statutes
DEPARTMENT OF EDUCATION'S PUPILS

Case Number	Home School District	Handicap	Placement	City/State	FY 1991-92 Actual Cost	FY 1992-93 Estimated Cost
In-state Placements						
10-01	Storey	Physical	Carson City School District		$2,534	$2,664
10-02	Nye	Mentally	Sierra Developmental Center, Reno		$902	Transportation only.
10-03	Churchill	Deaf	Washoe County School District		$5,556	$6,049
10-04	Lander	Mentally	Carson City School District		$7,965	$7,257
Out-of-state Placements						
10-07	Lyon	Multiple	Hidden Hollow; Orem, Utah		$4,424	$9,240
10-08	Clark	Visually	Arizona School for the Blind, Tucson		$12,435	$25,601
10-09	Washoe	Deaf	Tucker-Maxson Oral School, Oregon		$13,800	$14,703
10-10	Washoe	Deaf	St. Joseph's Institute, Missouri		$29,021	$25,093
10-11	Lander	Mentally	Hidden Hollow; Orem, Utah		$4,424	$9,240
10-12	Lyon	Deaf	Tucker-Maxson Oral School, Oregon		$17,280	$17,223
10-13	Clark	Multiple	Illinois State School		$39,454	$38,354
10-14	Lander	Multiple	Hidden Hollow; Orem, Utah		$16,784	$42,656
10-17	Elko	Multiple	Anderson/Fodor; Seattle, Washington		$27,230	$25,200
10-18	Clark	Visual/Emotion	Arizona School for the Blind, Tucson		$41,901	$41,901
10-19	Wht Pine	Multiple	Bungalow Care Facility, Salt Lake City		$7,200	N/A
10-20	Clark	Deaf/Emotion	No information in 10/7/92 report		N/A	N/A
10-22	Elko	Multiple	Bungalow Care Facility, Salt Lake City		$4,500	N/A
					$235,410	$265,181

Data from Department of Education's report to the Interim Finance Committee, dated October 7, 1992.

COST OF OUT-OF-DISTRICT PLACEMENTS IN FISCAL YEARS 1991-92 AND 1992-93
per Chapter 395 of Nevada Revised Statutes
DEPARTMENT OF HUMAN RESOURCES' PUPILS

Case Number	Home School District	Handicap	Placement	City/State	FY 1991-92 Actual Cost	FY 1992-93 Estimated Cost
In-state Placements						
11-08	Clark	Emotionally	Oasis, SNCAS, Las Vegas		Undetermined	N/A
11-09	Washoe	Emotionally	Truckee Meadows Hospital, Reno		$24,328	$34,040
11-10	Washoe	Emotionally	Home pending placement		$30,590	N/A
11-11	Lyon	Emotionally	Acute Residential Program, SNCAS		Undetermined	N/A
11-13	Pershing	Emotionally	Learning Home Program, NNCAS		Undetermined	N/A
11-14	Nye	Emotionally	With Parents		$15,440	N/A
11-20	Nye	Emotionally	Boys' Town of Nevada		$1,872	N/A
Out-of-state Placements						
11-01	Washoe	Autism	Kaplan Foundation; Placerville, CA		$57,480	N/A
11-02	Washoe	Emotionally	Colorado Boys' Ranch		$3,750	$8,137
11-04	Douglas	Emotionally	Cleo Wallace Center, Colorado		$42,733	N/A
11-05	Pershing	Autistic	Anderson/Fodor; Seattle, Washington		$23,844	N/A
11-06	Douglas	Traum Brain Injury	Meadowbrook Ranch, Sacramento		$64,975	N/A
11-07	Wht Pine	Emotionally	Majestic Boys' Ranch, Utah		$10,724	$10,480
11-12	Washoe	Emotionally	Desert Hills, Tucson, Arizona		$50,175	N/A
11-17	Nye	Emotionally	San Diego Children's Center		$46,368	N/A
					$372,279	
			Total for both pages		$744,558	$52,657

SNCAS: Southern Nevada Child and Adolescent Services
NNCAS: Northern Nevada Child and Adolescent Services

Data from Department of Human Resources' report to the Interim Finance Committee, dated October 7, 1992.

Table 16

NAC 388.150 MAXIMUM CASELOADS AND CLASS SIZES FOR SPECIAL EDUCATION

	Caseload	Class Size	Class Size Increase Allowed with Teacher Aide
Gifted and Talented	65	20	+4
Aurally Handicapped	20	6	+4
Emotionally Handicapped	15	6	+4
Learning Disabilities	24	12	+4
Mentally Handicapped			
Mildly	24	12	+4
Moderately	20	10	+4
Severely	12	6	+2
Multiple Handicapped	15	6	+4
Deaf-Blind	4	4	+1
Physically Handicapped	20	6	+4
Home/Hospital	10		
Tele-teaching	15	15	0
Speech/Language Handicapped	60		
Self-contained	12	8	+4
Visually Handicapped	16	6	+4
Early Childhood			
Center-based Programs for Developmentally Delayed Preschoolers	20	10	0

Caseload for departmentalized programs is defined as number of IEPs for which teacher is responsible.
Caseload for itinerant, home-based early childhood programs is based on the IEP for each child and geographic considerations.
Class sizes in early childhood programs not for developmentally delayed may be increased by 2 with a teacher's aide.
Caseload and class size for heterogeneous programs is determined by the handicap represented by majority of pupils in program.
Maximum enrollment may be increased 10%, or 1 pupil, without Department of Education's approval, but other exceptions require written approval.

Table 17

for Nation:

State, Local and Federal Shares of School Revenue, 1979–80 to 1989–90
(Percent of Total)

School Year	State	Local	Federal
1980	49.1	41.7	9.2
1981	48.2	43.1	8.7
1982	47.9	44.7	7.4
1983	47.7	45.1	7.2
1984	47.8	45.2	7.0
1985	49.0	44.2	6.8
1986	49.4	43.9	6.7
1987	49.8	43.8	6.4
1988	49.4	44.2	6.4
1989	50.0	43.6	6.4
1990p	49.4	44.3	6.3

Note: p = preliminary data.

Table: Augenblick, Gold & McGuire, 1990, p. 16.

Source of Data: National Education Association (NEA), *Estimates of School Statistics 1989–90.*

Table 18

for Nevada:

State, Local and Federal Shares of School Revenue, 1979–80 to 1989–90
(Percent of Total)

School Year	State	Local	Federal
1980	60.7	37.5	1.8
1981	57.7	40.2	2.1
1982	49.2	49.7	1.1
1983	52.3	46.2	1.5
1984	45.0	54.1	0.9
1985	41.1	58.0	0.8
1986	44.7	54.6	0.7
1987	45.1	53.6	1.3
1988	45.6	53.8	0.6
1989	44.8	54.5	0.7
1990	45.8	52.8	1.4

Source of Data: LCB Fiscal, Local Financial Reporting worksheets.

NEVADA SCHOOL DISTRICTS
GENERAL FUND RESOURCES
% by source

Table 19

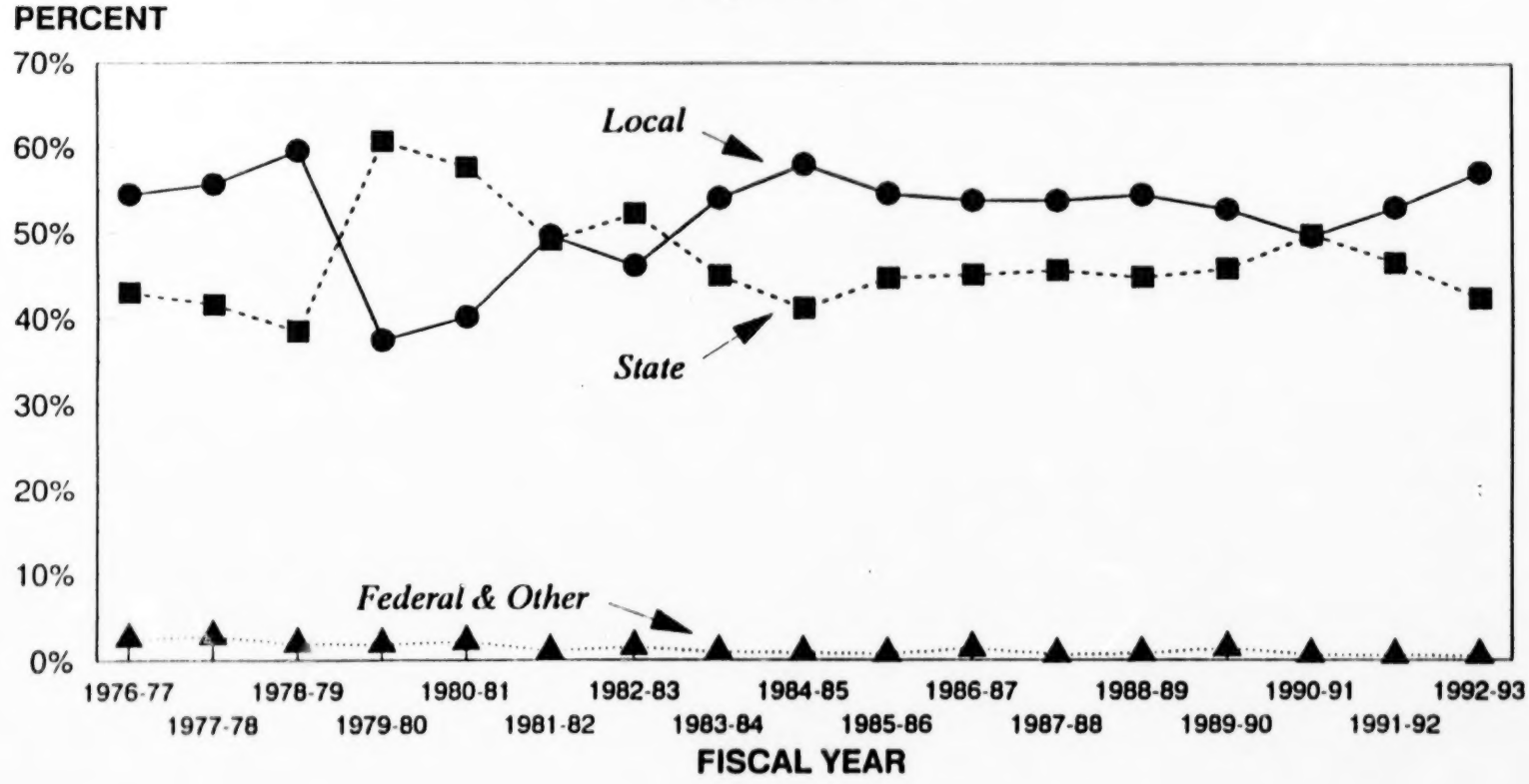

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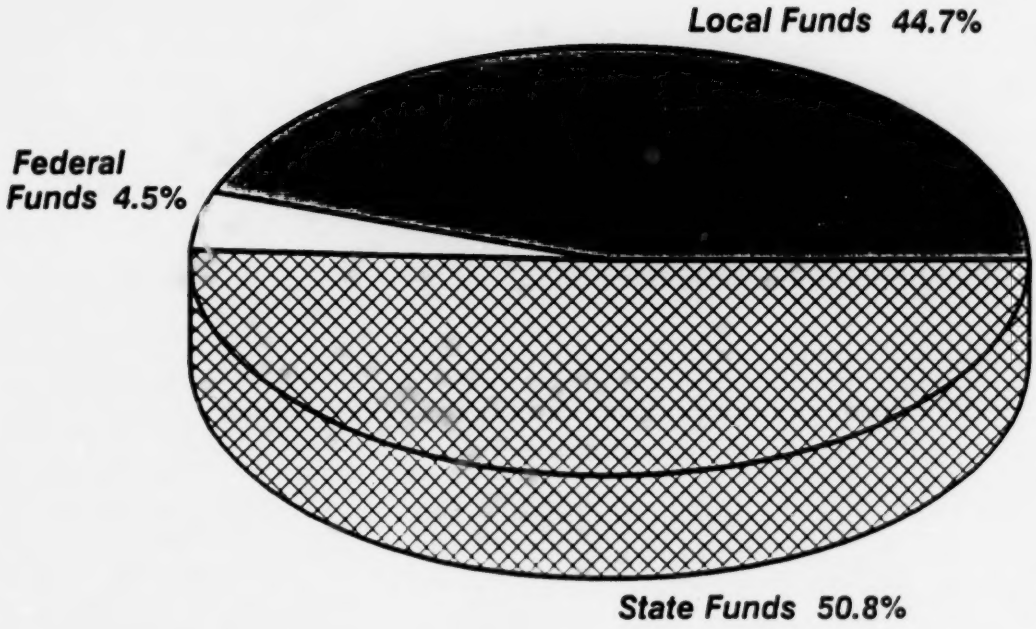
Table 20 **FINANCING FOR SPECIAL EDUCATION**

	% Federal of Total	% State of Total	% Local of Total
TOTAL	7.5	56.0	36.5
Alabama	9.6	87.5	2.8
Alaska	9.3	68.7	22.0
Arizona	11.4	47.0	41.5
Arkansas	16.2	54.9	28.9
California	6.1	78.3	15.7
Colorado	7.2	42.4	50.4
Connecticut	5.2	42.6	52.3
Delaware	12.9	62.7	24.4
Florida	5.9	60.1	33.9
Georgia	9.9	68.2	21.9
Hawaii	5.7	94.3	0.0
Idaho	9.2	90.8	0.0
Illinois	7.5	42.2	50.3
Indiana	15.1	49.3	35.6
Iowa	7.3	74.2	18.5
Kansas	6.4	45.8	47.8
Kentucky	11.9	70.5	17.6
Louisiana	5.8	70.6	23.6
Maine	12.6	50.4	37.0
Maryland	7.8	41.3	50.9
Massachusetts	7.1	44.9	48.0
Michigan	9.6	22.6	67.7
Minnesota	7.3	58.6	34.1
Mississippi	15.0	79.5	5.5
Missouri	9.0	91.0	0.0
Montana	10.3	72.4	17.3
Nebraska	9.1	65.1	25.8
Nevada	5.1	57.2	37.7
New Hampshire	6.3	13.8	79.9
New Jersey	11.2	83.9	4.9
New Mexico	8.5	90.9	0.5
New York	3.1	40.8	56.1
North Carolina	13.0	74.9	12.2
North Dakota	8.3	30.8	61.0
Ohio	5.3	62.8	31.9
Oklahoma	9.2	88.1	2.7
Oregon	8.7	17.1	74.2
Pennsylvania	13.3	59.5	27.2
Rhode Island	6.1	93.9	0.0
South Carolina	15.8	57.6	26.6
South Dakota	8.0	12.0	80.0
Tennessee	16.6	68.2	15.1
Texas	10.7	55.1	34.2
Utah	14.4	83.5	2.1
Vermont	9.0	44.2	46.8
Virginia	8.3	17.9	73.9
Washington	5.7	70.2	24.1
West Virginia	14.7	71.4	14.0
Wisconsin	6.4	52.9	40.7
Wyoming	5.6	80.2	14.2

Data from U.S. Dept of Education & NEA (Verstegen & Cox, 1992, pp. 140-141)

Table 21

FEDERAL, STATE AND LOCAL RESOURCES FOR HANDICAPPED PUPILS IN NEVADA
1990-91



Source: Nevada Department of Education, 1993

LCB Fiscal
January 26 1993
(hand_nas.drw)

DEPARTMENT OF EDUCATION'S FORM FOR CALCULATING SPECIAL EDUCATION SHORTFALL

SPECIAL EDUCATION FINANCING
GENERAL FUND REVENUES & EXPENDITURES
FISCAL YR: 1990-91

District: Carson City
District's Basic Support/Pupil: $3,499.35

	Number (1)	% of Total (2)	Total Basic Support (3)
Enrollment:			
A. Total District Enrollment (1st School Month)	6,142.6		$21,495,112
B. Mainstreamed Handicapped Students	704.6	11.47%	$2,465,643
C. Self-contained Handicapped Students	140.8	2.29%	$492,709
D. Handicapped Students (B+C)	845.4	13.76%	$2,958,351

Revenue Attributable to Special Education Students:

1. Total Basic Support of Handicapped Students			
From Line D, Column (3)			$2,958,351
2. Special Education Unit Funding			
a. Total Number of Units		49.55	
b. Amount per Unit		$25,200	
Total (a x b)			$1,248,660
3. Local Revenue			
50 cent Ad Valorem Property Tax	$2,636,806		
Motor Vehicle Privilege Tax	$928,551		
Franchise Taxes			
Interest on Investments	$274,135		
Other (Do not include Local School Support Tax or 25-cent Ad Valorem)	$292,228		
Direct, Unrestricted Federal Support (P.L. 874, Forest Reserve, etc.)	$114,573		
a. Total Local Revenue:		$4,246,293	
b. Percent of Handicapped Students - Line D, Column (2)		13.76%	
Total Local Revenue Attributable to Handicapped Students (a x b)			$584,290

TOTAL REVENUE ATTRIBUTABLE TO SPECIAL EDUCATION
Add totals of Sections 1, 2, & 3: $4,791,301

DEPARTMENT OF EDUCATION'S FORM FOR CALCULATING SPECIAL EDUCATION SHORTFALL

Expenditures Attributable to Special Education:		
1. Direct Special Education Expenditures (Program 200 Expenditures, excluding any Gifted and Talented expenditures that may have been included)		$3,182,757
2. Regular education Costs:		
a. Total Regular Education (Function 1000 in all programs except 200; add any Gifted and Talented expenditures removed above)	$14,064,364	
b. Percent of Mainstreamed Students -- Line B, Column (2)	11.47%	
Total Regular Education Costs Attributable to Handicapped Students (a x b):		$1,613,183
3. Undistributed Costs:		
a. Total Undistributed Expenditures:	$9,537,051	
b. Percent of Handicapped Students – Line D, Column (2)	13.76%	
Undistributed Costs Attributable to Special education (a x b):		$1,312,298
TOTAL EXPENDITURES ATTRIBUTABLE TO SPECIAL EDUCATION: Add Totals of Sections 1, 2, & 3:		$6,108,238
Subtract Total Expenditures from Total Revenues Attributable to Special Education (A negative figure indicates a "shortfall"; a positive figure, a "surplus")		($1,316,937)

Table 23

RELATIONSHIP OF SPECIAL EDUCATION FUNDING TO FUNDING OF GENERAL EDUCATION AND OTHER CATEGORICAL PROGRAMS IN EACH STATE

State	External to General Educ Funding	Included with Other Categor. Programs	Included with General Educ Funding
AL	X		
AK	X		
AZ			X
AR			X
CA	X		
CO	X		
CT	X		
DE	X		
DC(1)			
FL			X
GA			X
HI	X		
ID			X
IL	X		
IN			X
IA			X
KS	X		
KY	X		
LA			X
ME		X	
MD	X		
MA			X
MI	X		
MN	X		
MS			X
MO	X		
MT	X		
NE	X		
NV			X
NH			X
NJ	X		
NM			X
NY			X
NC	X		
ND	X		
OH		X	
OK			X
OR	X		
PA	X		
RI	X		
SC			X
SD	X		
TN			X
TX	X		
UT			X
VT	X		
VA			X
WA			X
WV			X
WI	X		
WY	X		
TOTAL	27	2	21

(1) District of Columbia is considered a single state/local education agency. There is no special education funding formula for the District.

Source of Data: NASDSE, December, 1989, Table A.2.

Table 24

FACTORS INCLUDED IN STATE SPECIAL EDUCATION FINANCE FORMULAS

State	1	2	3	4	5	6	7	8
AL								
AK								
AZ			X				X	
AR	X							X
CA	X		X	X		X	X	
CO						X		
CT	X	X	X					
DE								
DC								
FL	X		X	X	X		X	X
GA	X			X	X			
HI								X
ID			X			X		
IL								X
IN								
IA	X			X	X			
KS							X	X
KY						X		
LA	X							X
ME	X			X				
MD	X						X	
MA	X	X	X					
MI	X						X	
MN				X			X	X
MS	X							X
MO								X

State	1	2	3	4	5	6	7	8
MT			X					
NE							X	
NV							X	
NH	X						X	
NJ								
NM	X	X	X	X				
NY	X				X			X
NC						X	X	
ND		X	X					X
OH							X	X
OK	X				X		X	
OR							X	
PA							X	
RI							X	
SC	X		X					
SD							X	
TN	X				X		X	
TX	X							
UT			X		X	X		X
VT	X							
VA	X				X			
WA				X	X		X	
WV	X						X	
WI							X	
WY								
TOTALS:	22	4	10	9	9	6	21	13

FACTORS:

1 – District Wealth or Fiscal Capacity

2 – Population Density

3 – Population Sparsity

4 – Cost–of–living Adjustments

5 – Population Growth

6 – Caps or Limits on Number of Students

7 – Caps or Limits on Number of Dollars

8 – Funds Provided Separately for Extended School Year

Source: NASDSE, December, 1989, Table A.4.

Table 25

EFFECT OF INCREASING AMOUNT PER UNIT OR NUMBER OF UNITS ON TOTAL FUNDING FOR SPECIAL EDUCATION IN NEVADA UNDER CURRENT FORMULA

	Scenario A FY 1992–93 Legislatively Approved Budget	*Scenario B* FY 1992–93 Increase in the Amount per Unit	*Scenario C* FY 1992–93 Increase Units and Amount per Unit
Total estimated expenditures of all 17 school districts	$970,336,883	$970,336,883	$970,336,883
Less estimated opening fund balance	($30,346,740)	($30,346,740)	($30,346,740)
Less revenues considered outside formula	($165,023,343)	($165,023,343)	($165,023,343)
State guarantee	$774,966,800	$774,966,800	$774,966,800
Less: Adult High School Diploma Program Funds	($8,666,581)	($8,666,581)	($8,666,581)
Special Education Unit Funds (See below for calculations)	**($38,656,800)**	**($63,495,800)**	**($68,876,800)**
Statewide Basic Support	$727,643,419	$702,804,419	$697,423,419
Estimated Enrollment	219,713	219,713	219,713
Statewide Average Basic Support per Pupil	$3,312	$3,199	$3,174

Special Education Unit Funds			
Number of Units	1,475	1,475	1,600
$ Amount per Unit	$26,208	$43,048	$43,048
Total Special Education Unit Funds	$38,656,800	$63,495,800	$68,876,800

LCB Fiscal Division

Table 26

NEVADA DEPARTMENT OF EDUCATION'S SHORTFALL COMPUTATION
FY 1990–91

SCHOOL DISTRICT	SHORTFALL
Carson City	$1,316,937
Churchill	$493,977
Clark	$17,556,623
Douglas	$700,309
Elko	$214,353
Esmeralda	$17,996
Eureka	$109,110
Humboldt	$355,804
Lander	$147,335
Lincoln	$132,958
Lyon	$438,019
Mineral	$115,510
Nye	$371,132
Pershing	$196,971
Storey	$5,873
Washoe	$1,439,523
White Pine	$260,235
Total	$23,872,665

Table 27

COMPARISON OF GROWTH IN HANDICAPPED ENROLLMENT IN NEVADA WITH GROWTH IN NUMBER OF SPECIAL EDUCATION UNITS

Count Date: December 1 of...	Handicapped Child Count	Percent Change	# of Spec Educ Units*	Percent Change	Difference
1976	8,980		550		
1977	9,975	11.08%	600	9.09%	1.99%
1978	10,652	6.79%	630	5.00%	1.79%
1979	10,830	1.67%	690	9.52%	−7.85%
1980	11,340	4.71%	730	5.80%	−1.09%
1981	11,945	5.34%	805	10.27%	−4.94%
1982	12,707	6.38%	855	6.21%	0.17%
1983	12,884	1.39%	885	3.51%	−2.12%
1984	13,469	4.54%	945	6.78%	−2.24%
1985	13,567	0.73%	985	4.23%	−3.51%
1986	14,026	3.38%	1,015	3.05%	0.34%
1987	14,524	3.55%	1,075	5.91%	−2.36%
1988	15,471	6.52%	1,115	3.72%	2.80%
1989	16,460	6.39%	1,196	7.26%	−0.87%
1990	18,058	9.71%	1,305	9.11%	0.59%
1991	19,957	10.52%	1,389	6.44%	4.08%
1992	22,402	12.25%	1,475	6.19%	6.06%
Change since 1976:		149.5%		168.2%	

* Does not include federally or locally funded units.
Source of Data: Nevada Department of Education.
Calculations: LCB Fiscal Division.

Table 28

SPECIAL EDUCATION FUNDING FORMULAS OF THE STATES – 1988–89 Page 1

State	Pupil Weighting	Flat Grant per Teacher or Classroom Unit	Percentage of Teacher/Personnel Salaries	Weighted Teacher or Classroom Units	Percentage Cost or Excess Costs
Alabama		X			
Alaska	X				
Arizona	X				
Arkansas	X				
California		X			X
Colorado					X
Connecticut					
Delaware		X			
Dist of Columbia (1)					
Florida	X				
Georgia	X				
Hawaii (2)					
Idaho		X			
Illinois		X			
Indiana	X				
Iowa	X				
Kansas		X			
Kentucky		X			
Louisiana			X		
Maine					X
Maryland					X
Massachusetts	X				
Michigan					X
Minnesota			X		
Mississippi		X			
Missouri		X			
Montana					X
Nebraska					X
NEVADA		X			
New Hampshire	X				
New Jersey	X				
New Mexico	X				
New York	X				
North Carolina					(3)
North Dakota		X			

Table 28

SPECIAL EDUCATION FUNDING FORMULAS OF THE STATES – 1988–89 Page 2

State	Pupil Weighting	Flat Grant per Teacher or Classroom Unit	Percentage of Teacher/Personnel Salaries	Weighted Teacher or Classroom Units	Percentage Cost or Excess Costs
Ohio			X		
Oklahoma	X				
Oregon					X
Pennsylvania					X
Rhode Island					X
South Carolina	X				
South Dakota					X
Tennessee	X				
Texas	X				
Utah	X				
Vermont					X
Virginia			X		
Washington				X	
West Virginia				X	
Wisconsin			X		
Wyoming					X
TOTAL	17	11	5	2	14

Notes:

(1) District of Columbia considered as a single state/local education agency. No special education funding formula for the District.

(2) Hawaii also operates as a single school system; there is no presribed funding formula.

(3) North Carolina special education aid is additional to funds provided for basic education programs and is intended to cover excess costs of special education programs, but funds are distributed on a flat grant per child basis.

Source of Data: NASDSE, December, 1989, Table A.6.

Table 29

GIFTED AND TALENTED EDUCATION PROGRAMS, 1990–91

School District	Special Education Units	Grades Served	Students Enrolled
Carson City	2	3–6	122
Churchill	1	2–6	3,037
Clark	56	2–6	71
Douglas	3	2–6	151
Elko	•	3–6	110
Esmeralda	•	4–6	3
Humboldt	•	2–5	40
Lincoln	•	7–12	15
Lyon	2	3–12	125
Washoe	12	2–6 + 9–12	988+68=1,068
White Pine	1	2–6	47
Totals	77		4,789

• Data not provided.

Source: 1991 Gifted and Talented Survey Summary, Nevada Department of Education.

Note: Since 1991, Eureka and Storey Counties have added gifted and talented programs, and Humboldt County was exploring the possibility of expanding its program to include all elementary schools in that district. Lander County indicated it was developing an elementary program, which will begin in 1993–94, and Lincoln and Nye Counties anticipated starting programs at the time this survey was taken. Additional information on these programs has not been made available to the Department.

Although an updated survey is not available from the Department, the Department's 1992–93 "Research Bulletin" shows 10,244 students were identified as gifted and talented this year.